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China Report

ECONOMIC AFFAIRS



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30 May 1985

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XINJIANG GOVERNOR ON MALPRACTICES, OPENING TO WORLD

HK040315 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 3 May 85

[Excerpts] In his government work report, Regional Government Chairman Ismail Amat said: While carrying out reforms of the economic structure, we must actively correct various unhealthy trends, and resolutely enforce orders and prohibitions.

He said: The new unhealthy trends that have appeared in society have also been continuously disseminated and spread in Xinjiang. These trends ruin our party style and the social mood, and hamper the smooth progress of reform. We must pay sufficient attention to these trends and take effective steps to resolutely correct them. He demanded that the industrial and commercial administrative departments and other departments concerned be responsible for seriously taking stock of and investigating the companies operating under various names that have opened in recent years, no matter which level approved them. These companies must be reexamined and reregistered. Leading cadres must resign from all company posts that they concurrently hold. Retired cadres can provide social services such as in science, technology, education, and consultative services, but they are not allowed to run businesses and enterprises.

In correcting unhealthy trends, we must implement the correct policies and strictly distinguish between mistakes made due to lack of reform experience and clear policy demarcation lines on the one hand and unhealthy trends on the other.

He said: The reform of the economic structure with the focus on the cities has only just started in Xinjiang. The localities and departments must not become overcautious in reform and avoid doing the things they should just because we propose correcting unhealthy trends. So long as we act in the public interest and resolutely follow party and state policies, deviations that may occur in the process of reform can be overcome. Correcting unhealthy trends is precisely for the purpose of speeding up reform of the economic structure and ensuring that the reforms can advance along the correct track.

Ismail Amat said: Opening up to the world is a strategic measure for stepping up socialist modernization. He said: In recent years Xinjiang has made gratifying progress in implementing the policy on opening up to the world and actively using foreign capital to import advanced technology and equipment. By the end of 1984, the region had completed 18 projects using foreign capital

totalling \$20 million. A further 12 projects are currently underway, and the total foreign capital is estimated to reach some \$50 million. A steady stream of foreign businessmen is now coming into Xinjiang, and more and more projects are being discussed involving ever broader fields. This shows that despite its remoteness, Xinjiang has a certain attraction.

He reiterated: In the future we must practice preferential treatment policies. Sino-foreign joint and cooperative ventures and foreign wholly-owned enterprises [words indistinct] are protected by China's laws, and will be given great decisionmaking powers than other enterprises in personnel, finance, materials, production, supply, and sales. They will also be given priority in construction, communications and transport, telecommunications facilities, energy supply, raw material allocation, and bank loans,

Ismail Amat announced in his report: In order to consolidate and develop the good momentum that has already appeared in opening up to the world, the regional people's government has decided to hold a press conference in Beijing to be attended by commercial counsellors of foreign embassies, foreign businessmen, and Chinese and foreign reporters, to proclaim Xinjiang's external economic and technological cooperation projects and its preferential treatment policies, so as to expand our influence in foreign circles. A Xinjiang export commodities trade fair will be held in Hong Kong in August. In addition the region will participate in the Izmir exhibition in Turkey. The region will also hold talks in Urumqi external economic and technological relations and trade. Businessmen from the Hong Kong and Macao regions and foreign countries will be invited to discuss projects, so as to press forward the region's external economic and technological exchanges and cooperation to a new stage.

CSO: 4006/604

PROVINCIAL AFFAIRS

NINGXIA'S 1984 ECONOMIC, SOCIAL STATISTICS

HK080925 Yinchuan NINGXIA RIBAO in Chinese 9 Apr 85 p 2

["Communique on Statistics on Ningxia Hui Autonomous Region's Social and National Economic Development in 1984" by Ningxia Hui Autonomous Regional Statistical Bureau]

[Text] In 1984, under the leadership of the autonomous regional CPC committee and the autonomous regional people's government, the people of various nationalities in our region further implemented the principle of opening the country to the world and revitalizing the domestic economy, which was adopted by the CPC Central Committee and the State Council, further consolidated and developed the excellent situation brought about by the rural economic reforms, speeded up the reform of the urban economic structure, and made encouraging achievements in social and national economic development. Last year, the total product of society came to 3.82 billion yuan (calculated according to the 1980 constant prices), an increase of 14.0 percent over the previous year, and the gross industrial and agricultural output value was 287,000 yuan [as published], an increase of 14.4 percent over the previous year. The quotas in the "Sixth 5-Year Plan" for total product of society, gross industrial and agricultural output value, and grain output were either fulfilled or overfulfilled. As a result of the comprehensive development of production, revenue increased, the market was brisk, people's livelihood continued to improve, and new progress was made in the building of a socialist spiritual civilization.

1. Agriculture

In 1984, the rural areas in our region further implemented the CPC Central Committee's policies and principles on rural work, the cooperative system characterized by the system of contracted responsibilities with payment linked to output was perfected, the rural economy developed in the direction of specialization, commercialization, and modernization, and agrotechnologies were extensively applied and popularized. In spite of unfavorable climatic conditions and frequent natural calamities, we reaped bumper harvests and the grain output reached 3 billion jin for the first time. Last year, the region's gross agricultural output value was 1.03474 billion yuan, a 17.1 percent increase over the previous year. If the 50.86 million yuan of output value derived from the industry run by the villages (brigades) is deducted from this sum, the figure is 983.88 million yuan. Of the gross agricultural

output value, 731.40 million yuan was the output value derived from the growing of crops, 13.0 percent more than in the previous year; 09.45 million yuan was the output value of forestry, 65.1 percent more than in the previous year; 128.98 million yuan was the output value of animal husbandry, 30 percent more than in the previous year; 82 million yuan was the output value of sideline production, 1.0 percent more than in the previous year; and 1.91 million yuan was the output value of fishery, 47.1 percent more than in the previous year.

The output of major agricultural products was as follows:

	<u>1984</u>	<u>Percentage Increase Over 1983</u>
Grain	3.084 billion jin	6.5
of which:		
summer grain crops	1.606 billion jin	3.2
autumn grain crops	1.478 billion jin	10.3
Grain output of lowlands	2.261 billion jin	2.9
Grain output of mountain areas	823 million jin	18.1
Oil-bearing crops	89.09 million jin	8.2
Beetroot	531 million jin	79.4
Area afforested	1.48 million mu	139.1
Pork, beef, and mutton	53.61 million jin	17.3
Milk	16.231 million jin	38.2
Sheep wool and goat hair	5.82 million jin	6.6
Large animals at year-end	676,000 head	6.5
Hogs in stock at year-end	496,000 head	3.5
Hogs slaughtered	331,000 head	1.9
Sheep and goats at year-end	2,700,000 head	9.1
Aquatic products	1,493 tons	40.8
Fruits	62.54 million jin	43.4
Chinese wolfberry	1.294 million jin	64.2

Conditions for agricultural production improved. At the end of 1984, the total thrust of the region's farm machines was 1.596 million horsepower, 10 percent greater than that in the previous year; the region had 5,735 large and medium tractors, 2.6 percent fewer than in the previous year; there were 35,966 small tractors, 29.9 percent more than in the previous year; the number of heavy-duty trucks was 2,125, 6.2 percent more than in the previous year; and the total area of land tilled with farm machines was 2.519 million mu, 9.4 percent larger than in the previous year. Last year, the total amount of chemical fertilizer applied (calculated according to the actual weight) was 234,000 tons, an increase of 13.6 percent over the previous year, and the total consumption of electricity in the rural areas was 175.775 million kilowatt-hours, an increase of 11.3 percent over the previous year.

Grain production in our region developed at a rather rapid pace, but animal husbandry, sideline production, and fishery developed rather slowly and they failed to meet the requirements imposed by the development of society. The setup of agricultural production has yet to be readjusted.

2. Industry

In 1984, the region further expanded the enterprises' decisionmaking power and applied various systems of economic responsibilities, thus adding to the vitality of the enterprises. Industrial production steadily developed. The region's gross industrial output value was 1.83623 billion yuan, an all-time high, topping the plan by 74. percent, and 224.21 million yuan, or 13.9 percent more than in the previous year. When added to the output value of industry run by villages (brigades), the total figure would be 1.88709 billion yuan, a 13.8 percent increase over the previous year. Of the gross industrial output value, 1.57648 billion yuan was the output value of the industry run by the whole people, 12.3 percent more than in the previous year; 245.55 million yuan was the output value of the collectively run industry, 21.6 percent more than in the previous year; 3.98 million yuan was the output value of other types of industries, 618 percent more than in the previous year; and 10.22 million yuan was the output value of individually run industry, 128.6 percent more than in the previous year. The output value of light industry was 537.70 million yuan, an increase of 15.3 percent over the previous year, and the output value of heavy industry was 1.29853 billion yuan, a 13.3 percent increase over the previous year.

Output of major industrial products was as follows:

	<u>1984</u>	<u>Percentage Increase Over 1983</u>
Bicycles	5,000	750.0
Washing machines	14,000	29.6
Cotton cloth	13,430,000 meters	12.0

	<u>1984</u>	<u>Percentage Increase Over 1983</u>
Woollen piece goods	926,600 meters	24.3
Woollen fabrics	1,764 tons	13.1
Woollen blankets	262,500	8.4
Sugar	17,500 tons	10.3
Cigarettes	10,100 cases	-38.8
White spirit	2,490 tons	5.5
Machine-made paper and paper board	18,800 tons	34.3
Pottery and porcelain	13,199,000 pieces	11.2
Matches	91,000 cases	49.2
Coal	10,702,000 tons	9.4
Crude oil	446,000 tons	-5.7
Electricity	2.325 billion kilowatt-hours	5.4
Rolled steel	30,000 tons	-8.5
Electrolytic aluminum	29,700 tons	6.5
Chemical fertilizer	76,600 tons	31.2
Outer rubber tires	295,000	15.7
Cement	489,000	18.5
Hand-helped tractors	6,594	41.0
Cranes	3,036 tons	41.5
Machine tools	1,521	0.6
Bearings	503,600 sets	-9.5
Equipment for testing metallic materials	1,771 sets	41.7
Automation meters	17,200	41.0

Both the economic results and the quality of the major industrial products improved. The per capita labor productivity for industrial enterprises owned by the whole people was equivalent to 9,247 yuan, 9.9 percent higher than in the previous year. The quality of 23, or 69.7 percent, of the major products produced by the key industrial enterprises subject to an appraisal improved. The amount of rolled steel up to quality standards increased by 0.82 percent, the proportion of first class quality ingot aluminium rose by 4.2 percent, the proportion of cotton whose quality was at or above grade A1 rose by 5.26 percent, and the ash content of commodity coal decreased by 3.06 percent. The consumption of some major goods and materials by these key industrial enterprises was as follows: Power consumption in the production of electrolytic lead decreased by 0.227 percent, standard coal consumption in power generation decreased by 0.22 percent, the amount of mine timber consumed by the coalmines decreased by 0.82 percent, the amount of anthracite consumed for the production of each ton of synthetic ammonia decreased by 0.2 percent, and the new amount of cotton consumed for the production of each ton of cotton yarn decreased by 1.3 percent. The whole region produced 170 high-quality products with a total output value of 200 million yuan.

3. Investment in Fixed Assets

In 1984, in the course of the reform of the economic structure, the region's total investment in fixed assets came to 835.65 million yuan, a 48.8 percent increase over the previous year. Of this, 680.14 million yuan was the investment in fixed assets by the units owned by the whole people, 170.65 million yuan, or 33.5 percent, more than in the previous year. Last year, 67.5 percent of the fixed assets at a total value of 459.10 million yuan were put into operation. The collectively-owned units in the rural and urban areas invested 42.51 million yuan in fixed assets, 90.8 percent more than in the previous year, and the total amount of investment in fixed assets by individuals in the urban and rural areas was 113.00 million yuan, 166.7 percent, if calculated in terms of the comparable sources, more than in the previous year.

Of the total investment in fixed assets by the units owned by the whole people, 455.000 million yuan was investment in capital construction, 37.9 percent more than in the previous year. Of this sum, 244.92 million yuan was contributed by the state, 24.7 percent more than in the previous year; 75.87 million yuan was loans from within the country, 111.1 percent more than in the previous year; and 110.51 million yuan was the funds raised by these units, 20.7 percent more than in the previous year.

Of the total investment in fixed assets by the units owned by the whole people, 175.95 million yuan was the investment for equipment replacement and technical updating, 7.6 percent more than in the previous year. Of this sum, 15.87 million yuan was funds allocated by the central finance departments, 2.5 percent less than in the previous year; 34.63 million yuan was funds allocated by the local finance departments, 66.2 percent more than in the previous year; 17.41 million yuan was loans from within the country, 26.1 percent more than in the previous year; and 107.14 million yuan was funds raised by the units or from other sources, 4.8 percent less than in the previous year.

Of the total investment in fixed assets by the units owned by the whole people, 49.19 million yuan, or 25.42 million yuan if calculated in terms of the comparable items, was invested in things other than capital construction, equipment replacement, and technical updating, 58.4 percent more than in the previous year.

Of the total investment in capital construction by the units owned by the whole people, 260.26 million yuan was the investment in productive construction projects. The proportion of the investment in productive construction projects to the total investment in capital construction by the units owned by the whole people rose from 52 percent in 1983 to 57.2 percent. The investment in nonproductive construction projects totaled 194.71 million yuan and its proportion to the total investment in capital construction by the units owned by the whole people dropped from 48 percent to 42.8 percent.

Of the 459.1 million yuan of investment in fixed assets by the units owned by the whole people, 282.95 million yuan was the value of the new fixed assets required by capital construction, 20.5 percent more than in the previous year, and 134.40 million yuan was the value of the new fixed assets required by equipment replacement and technical updating, 19.0 percent more than in the previous year.

The pace of the construction of key projects quickened. The region's seven large and medium construction projects absorbed a total investment of 160.99 million yuan, 104.0 percent of the amount prescribed by the yearly plan or 35.4 percent of the region's total investment in capital construction.

Last year, the region's newly-added production capacities included: granaries with a total area of 144,423 square meters and a total holding capacity of 40.68 million kilograms; 1,200 places in the universities and colleges; 7,674 places in the secondary schools; 25,790 places in the primary schools; 230 beds in the hospitals; a daily tap water supply capacity of 43,000 tons; 6.4 kilometers of water pipelines; new highways with a total length of 47 kilometers; two-way open-wire telecommunications lines with a total length of 2 times 75 kilometers; electric cables in the cities with a gross length of 3.2 kilometers; 300 inner-city telephone switchboards; an additional 180,000 mu of land under effective irrigation; cinemas and theaters with a total area 6,776 square meters and a total of 3,377 seats; commercial cold storages with a total capacity of 1,830 tons; and an annual cement output of 55,000 tons.

The building industry developed rapidly. Last year, its gross output value was 251.11 million yuan, 21.6 percent more than in the previous year. The per capita labor productivity in the region's building construction enterprises last year was equivalent to 5,686 yuan, 16.2 percent higher than in the previous year and 58.6 percent of the engineering work done by the units owned by the whole people was up to very high standards.

4. Transportation, Posts, and Telecommunications

In 1984, the railroad and transportation departments adopted various measures to raise their transportation capacities, resulting in an enormous increase in

the volume of freight and the number of passengers carried. The volume of freight handled by the railroad and transportation departments last year was 5.23764 billion ton-kilometers, a 13.2 percent increase over the previous year. Of this, the volume of railway freight was 5.08589 ton-kilometers, an increase of 13.45 percent over the previous year, and that of the road goods handled by the transportation departments was 151.75 million ton-kilometers, a 6.6 percent increase over the previous year. The volume of raw coal transported by trains was 10.61 million tons, 102 percent of the volume prescribed by the yearly plan and a 3 percent increase over the previous year.

The volume of passenger travel handled by the railroad and transportation departments last year was 968.10 million passenger kilometers, a 13.8 percent increase over the previous year. Of this, the volume of railway passengers was 404.10 million passenger kilometers, a 19 percent increase over the previous year, and the volume of road passengers was 564.00 million passenger-kilometers, an increase of 10.2 percent over the previous year.

In 1984, posts and telecommunications transactions, calculated according to the 1980 constant prices, amounted to 6.028 million yuan, up 9 percent from the previous year.

The economic results of the transportation, posts, and telecommunications enterprises improved. Per capita labor productivity for railway transportation was up 13.3 percent over the previous year. The average number of carriages loaded each day was 705.8, 15.4 percent larger than that in the previous year. Of the total number of motor vehicles owned by the transportation departments, 90.3 percent were in good condition. The tonnage of trucks produced grew by 12 percent and that of passenger trains built grew by 2 percent. Per capita labor productivity for road transportation was 12 percent higher. However, at present, the transportation, posts, and telecommunications departments still cannot meet the requirements imposed by economic development and it is especially necessary to further strengthen and improve the transportation of goods by train, telephone services, and postal services.

5. Commerce

In 1984, buying and selling were brisk in the rural and urban markets. Retail sales by the state-owned commercial and supply and marketing enterprises in the region reached 768.58 million yuan, a 13.7 percent increase over the previous year. The value of industrial products purchased was 437.07 million yuan, up 11.0 percent (the purchase of chemical fabrics grew by 160 percent, that of woollen piece goods by 57 percent, that of wrist-watches by 74 percent, and that of chemical fertilizer by 27.4 percent). The total value of agricultural and sideline products purchased was 322.90 million yuan, an increase of 17.9 percent over the previous year (930.92 million jin of grain was purchased, 19.6 percent more than in the previous year, and 44.0 percent more eggs were purchased).

In 1984, the gross value of the retail sales of social commodities was 1.2852 billion yuan, a 15.8 percent increase over the previous year and the value of the retail sales of social commodities was 1.21263 billion yuan, a 14.5 percent increase over the previous year and topping the plan by 6.4 percent. Of the value of the retail sales of social commodities, 1.01339 billion yuan was the value of the retail sales of consumer goods, 14.8 percent more than in the previous year, and 199.24 million yuan was the value of the retail sales of the means of agricultural production, 13.3 percent more. The volume of retail sales for the majority of the major social commodities went up notably. The increase over the previous year for edible oil was 5 percent; for pork, 9.3 percent; for aquatic products, 40.1 percent; for eggs, 40.5 percent; for spirits, 14.6 percent; for woollen goods, 24.0 percent; for television sets, 11.2 percent; for wrist-watches, 24.1 percent; for hand-held tractors, 10.4 percent; and for farm chemicals, 19.1 percent.

The individual commercial enterprises developed rapidly. Last year, the total value of their retail sales was 79.82 million yuan, a 100 percent increase over the previous year and the proportion of the volume of their retail sales to the total volume of retail sales rose from 4.4 percent in 1983 to 7.8 percent.

Fair trade in the urban and rural areas flourished. Last year, the volume of fair trade was 146.75 million yuan, a 21.2 percent increase over the previous year. Of this, 72.57 million yuan was the value of the retail sales by peasants to the non-agricultural population, 42.7 percent higher than in the previous year. More varieties of goods were put on the market and transactions increased in volume. Transactions in grain increased by 22.9 percent, transactions in meat, poultry, and eggs by 22.5 percent, transactions in vegetables by 23.5 percent, transactions in aquatic products by 45.6 percent, and transactions in the means of agricultural production by 16.1 percent.

Prices went up. As a result of the delegation of greater authority by the state to units at lower levels over price control, more goods were sold at negotiated prices. The prices of meat, poultry, and medicinal materials went up by quite a big margin. In 1984, the purchasing price index for agricultural and sideline products went up 3.1 percent over the previous year, the overall living cost index went up 2.7 percent, the cost of living index went up 3.3 percent in the urban areas and 1.6 percent in the countryside. The retail price index went up 3.2 percent. Among the prices for consumer goods, the prices of non-staple foodstuffs went up by the biggest margin, 7.6 percent. Among the prices for non-staple foodstuffs, the price of vegetables went up 17.7 percent, those of meat, poultry, and eggs went up 5.7 percent, that of fresh fruits went up 6.1 percent, and that of aquatic products went up 22.3 percent. The price index for the means of agricultural production went up 5.5 percent, the index for service charge went up 2.1 percent, school fees went up 9 percent, and fares went up 2.1 percent.

6. Science, Technology, Education, Culture, Public Health, and Education

Advances were made in science and technology. In 1984, the region had 52 scientific research institutes with a total of 1,675 scientific and

technological workers. Of the 85 important scientific and technological achievements made by the region's scientific research institutes, 15 were up to the country's advanced standards.

In 1984, the region had 7 institutions of higher learning. They enrolled 1,796 students and their total number of students was 5,607, a 10.3 percent increase over the previous year. In addition, the region also had 18 secondary vocational schools with a total of 7,960 students, 7.7 percent more than in the previous year; 425 ordinary secondary schools with a total of 219,966 students, 6.6 percent more than in the previous year; 4,280 primary schools with a total of 619,837 students, 7.8 percent more than in the previous year; and 23 technical schools with a total of 4,404 students, 37.2 percent more than in the previous year.

Cultural undertakings developed correspondingly. In 1984, the region had 1,528 cultural organs, 1.9 percent more than in the previous year. The number of workers employed by these organs was 6,138, 2.1 percent more than in the previous year. The 18 public libraries had a total of 2.594 million copies of books. Publications developed. Last year, 54.06 million copies of books were published.

Public health undertakings continued to develop. In 1984, the region had 1,043 public health organs and its hospitals had 8,306 beds, 5.4 percent more than in the previous year. The number of professional health workers totaled 15,307, a 4.2 percent increase over the previous year.

In 1984, the region organized 279 athletic meets and the number of participants totaled 73,365, a 25.3 percent increase over the previous year. There were 1,111 graded athletes. They broke 28 regional records and 1 national shooting record.

7. People's Livelihood

The living standards of the urban and rural populations continued to improve. According to a sample survey of 250 households of workers and staff members in Yinchuan and Shizuishan, in 1984, on the average, each household in the cities had 2.24 working members, each working person provided for 1.89 persons, and per capita monthly income was 54.66 yuan, a 19.03 percent increase over the previous year. The average monthly per capita income which could be used for living expenses was 49.44 yuan, a 19.34 percent increase over the previous year; average per capita total monthly expenses were 49.89 yuan, a 20.27 percent increase over the previous year; and average per capita monthly living expenses were 45.27 yuan, a 20.08 percent increase over the previous year.

According to a separate sample survey of 50 households of workers and staff members in Wuzhong City and Zhongwei County, in the counties and towns, each household had 2.63 working members on the average, each working person provided for 1.88 persons, and per capita monthly income was 45.70 yuan, a 14.11 percent increase over the previous year. The average monthly per capita income which could be used for living expenses was 42.30 yuan, a 15.35 percent

increase over the previous year; average per capita total monthly expenses were 43.55 yuan, an 11.78 percent increase over the previous year; and average per capita monthly living expenses were 40.64 yuan, a 12.76 percent increase over the previous year.

According to a sample survey of 480 peasant households in 7 cities and counties in the rural areas, each peasant household had 2.9 working members on the average, each working person provided for 2.1 persons, the average annual per capita income of the peasants was 313.21 yuan, an increase of 8.6 percent over the previous year, and the average annual per capita living expenses were 231.6 yuan, a 10.8 percent increase over the previous year.

At the end of 1984, there were 533,000 workers and staff members in the region, 3.2 percent more than in the previous year. Of them, 449,867 were employed by the units owned by the whole people, 1.1 percent more than in the previous year; 82,876 were employed by the collectively owned units in the cities and towns, 17.9 percent more than in the previous year; and 267 were employed by various jointly run units.

Last year, the wages of workers and staff members in the region totaled 559.38 million yuan, a rise of 17.3 percent over the previous year. Of this, 490.31 million yuan was the total wages of the workers and staff members employed by the units owned by the whole people, 14.7 percent more than in the previous year; 68.85 million yuan was the total wages of the workers and staff members employed by the collectively-owned units, 38.9 percent more than in the previous year; and 217,000 yuan was the total wages of the workers and staff members employed by various jointly-run units.

At the end of 1984, the total amount of saving deposits was 616.75 million yuan, a 38.9 percent increase over the previous year. The per capita figure was 151.9 yuan, a 35.4 percent increase over the previous year.

Housing conditions in the urban and rural areas improved. Houses completed by the units owned by the whole people and collectively-owned units totaled 815,000 square meters of floor space.

8. Population

At the end of 1984, the region had a total population of 4.06 million, 70,000 or 1.8 percent more than the 3.99 million at the end of the previous year. Of the total population, 1.32 million were Hui nationals, 40,000, or 3.1 percent, more than at the end of the previous year. Of the total population, 32.5 percent were Hui nationals, 0.5 percent more than the 32 percent in the previous year. In 1984, the birth rate was 18.59 per thousand, mortality rate was 3.77 per thousand, a natural growth rate was 18.59 per thousand [as published].

CSO: 4006/613

PROVINCIAL AFFAIRS

QINGHAI HOLDS REPORT MEETING ON INVESTIGATION OF URBAN REFORM

HK080459 Xining Qinghai Provincial Service in Mandarin 1100 GMT 7 May 85

[Text] According to QINGHAI RIBAO, in order to expedite the province's pace of reform of the urban economic structure, the provincial CPC committee and the provincial people's government have recently held in Xining a report meeting on investigation of results of reform of the urban economic structure.

In the course of the meeting, 14 of the province's units, including the financial committee, the planning committee, the propaganda department of the provincial CPC committee, and units of Xining City, reported on their investigation of results of reform of the urban economic structure. In addition, they proposed suggestions on carrying out the work.

On 18 April, comrades of the provincial office for enterprise reform studied in an all-round way the units' situation in reform investigation, and discussed issues on formulating an overall plan for reforming the economic structure, focusing on the whole province and cities.

The meeting decided that all units concerned should, based on their reports of reform investigation, further revise their work, and should propose specific suggestions on carrying out the next step of reform in their units. [Words indistinct] the provincial CPC committee and the provincial people's government. On the basis of thorough consideration, the provincial office for enterprise reform should work out the outline of the overall plan for reforming the economic structure, focusing on cities. Later, the office should formulate an overall plan of reform after the office's outline has been examined by the leading comrades of the provincial CPC committee and the provincial people's government.

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PROVINCIAL AFFAIRS

XINJIANG GOVERNOR REVIEWS ACHIEVEMENTS, TASKS

HK020216 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 1 May 85

[Excerpts] In his government work report to the third plenary session of the sixth regional people's congress, Regional Government Chairman Ismail Amat said that 1984 was a year in which the region advanced in great strides. All areas, fronts, sectors, and trades scored encouraging new achievements.

Ismail Amat particularly pointed out: The economic situation in the region was not just better last year but has been improving for several years in succession. This is mainly shown in the following respects.

1. A good situation of sustained, steady, and coordinated development has emerged. From 1979 to 1983, the region's total industrial and agricultural output value rose at an annual average rate of 9.5 percent, and in 1984 it rose by 12.1 percent. This far exceeded the average annual growth rate of 7.04 percent for the 26 years from 1953 to 1978.
2. As a result of several years' readjustment and reforms, the proportions of the region's production structure have started to get in harmony. The proportion of agriculture and light industry has increased, while that of heavy industry has dropped. We have initially solved the problems, which plagued us for a long time, of disharmony in the proportions of agriculture, light industry, and heavy industry, and of the failure of agricultural production to meet consumer needs. We have achieved self-sufficiency and surplus in grain, cotton, oil, and sugar. In some cases we can export large quantities of these items.
3. The proportion of accumulation and consumption is becoming more rational. There has been a relatively large increase in the consumption level in the urban and rural areas.

All this fully shows that the region's national economy is advancing on a path suited to Xinjiang's realities.

Ismail Amat pointed out: This year is the first year of implementing the decision of the 3d Plenary Session of the 12th CPC Central Committee and the last year of the 6th 5-Year Plan. We must further invigorate the urban and rural economy. On the basis of the great success achieved in reform in the

past few years, we must seriously implement the principle of acting unswervingly, fighting the first battle with caution, and being sure of victory. We must take a major step forward this year in reform of the economic structure with the focus on the cities.

He said: The main tasks in urban reforms this year are to further streamline the administration and delegate powers, enliven the enterprises, open the city gates wide, invigorate circulation, and get a good grasp of the pilot project in comprehensive economic reform in Urumqi City.

He pointed out: Urumqi City is the regional capital and its political, economic, cultural, and information center. Urumqi has been included in the 58 reform pilot project cities in the whole country. We must further strengthen leadership and, as far as possible, give the city certain special policies and powers, within the scope permitted by state policies. We should allow it to advance ahead of others in certain respects and to accumulate experiences for urban economic reform in the whole of Xinjiang.

Ismail Amat pointed out: The emphasis in rural reforms this year should be on reforming the rural economic structure. On the basis of continuing to do a good job in the five old businesses of agriculture, forestry, animal husbandry, sideline occupations, and fisheries, we should vigorously develop the five new businesses of industry, commerce, construction, (?transport), and service trades; all 10 wheels should be turning together, and still greater development of commodity production and exchange should be promoted.

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PROVINCIAL AFFAIRS

HARBIN CITY PEOPLE'S CONGRESS SESSION HELD

SK120505 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 10 May 85

[Excerpts] The Third Session of the Eighth City People's Congress was held in Harbin City from 5 to 10 May. The session put forward two major targets for the period: Fulfilling the Seventh 5-Year Plan, which is to bring into play the reserve strength of the province, and to help the masses realize practical benefits. It also set forth the major work to be completed in 1985, and held a general election for a portion of the leading personnel of the city People's Congress Standing Committee and the city People's Government.

At the session, Gong Benyan, acting mayor of the city, who assumed the post not long ago, delivered a government work report in which he put forward the targets for the city in fulfilling the Seventh 5-Year Plan, from 1986 to 1990. The targets may be summarized in the following two aspects: 1) A good job should be done in preparing well the reserve strength for development. 2) Efforts should be made to help the people realize practical benefits.

The session, through a general vote, elected Li Genshen chairman of the Harbin City People's Congress Standing Committee; (Ding Jiaquan), (Li Peifu), and (Yu Yefeng) vice chairmen of the city People's Congress Standing Committee, Gong Benyan mayor of the city; and (Shen Guming) and (Li Jiaping) vice mayors of the city.

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PROVINCIAL AFFAIRS

FORUM ON ECONOMIC INFORMATION STUDY HELD

SK100953 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 9 May 85

[Text] The provincial forum on economic information study work ended in Harbin on 8 May. Over 100 economic study specialists and scholars and leaders of development strategy study group listened to our province's program for the Seventh 5-Year Plan and set forth opinions on developing our province's agriculture, industry, forestry, energy and transport.

Specialists and scholars participating in the forum held: Under the new situation, when our country conducts the overall reform of the economic structure and the development of the commodity economy on a large scale, our province's specific tasks for realizing the general tasks and general goals in the new situation were to reform the economic structure, to transform and improve the old base, to carry out the principle of opening to the outside world, to comprehensively develop new spheres, to rely on our advantage of having natural resources to steadily carry out our work, to concentrate on processing industry to enliven our economy, to support our country and to ensure that the people of the whole province become wealthy. So proceeding from our province's multi-layer economic structure and economic forces, our province's economic developmental strategies were to pay equal attention to industry and agriculture, to organically link the construction of the base with the local economy, and to coordinatedly develop the production of raw materials and processing industry.

Hou Jie, deputy secretary of the provincial CPC Committee and vice governor, and (Chen Yunlin), deputy secretary of the provincial CPC Committee, delivered speeches at the closing ceremony. They developed a plan for appraising the work of the economic developmental strategy.

CSO: 4006/612

PROVINCIAL AFFAIRS

SHAANXI URGENT CIRCULAR ON PRODUCTION SAFETY

HK120237 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 11 May 85

[Text] The provincial economics commission issued an urgent circular on 9 May on getting a serious grasp of production safety work. The circular said: The province has done very well in industrial production this year, but the state of production safety is poor. All kinds of accidents have occurred. In particular there has recently been a series of major fires and explosions, causing very serious casualties and economic losses.

In order to put a stop to the occurrence of major accidents, the circular demanded that all prefectures, cities, and departments pay attention to grasping production safety and do everything possible to prevent major accidents. At present it is essential to carry out an immediate safety check in all enterprises. Steps must be taken to promptly solve the problems found. All enterprises must step up safety controls regarding inflammable, explosive, and toxic materials. Technicians must be organized to check on the safety of old enterprises, buildings and equipment. For those that need to be scrapped, priority arrangements should be made in carrying out technological transformation.

The circular demanded in conclusion that all enterprises conduct education in production safety for their workers. New workers must undergo training in safety techniques. They can only take up their posts and operate equipment after passing an examination.

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PROVINCIAL AFFAIRS

BU HE'S GOVERNMENT WORK REPORT

SK150001 Hohhot NEIMENGGU RIBAO in Chinese 3 May 85 pp 1-2

[Apparant text of the government work report given by Bu He, chairman of the Nei Monggol Autonomous Region, at the Third Session of the Sixth Nei Monggol Autonomous Regional People's Congress on 23 April 1985: "Consolidate the Excellent Situation and Strive to Fulfill the Fighting Goal of a 100-Percent Increase in 1987"]

[Text] Fellow deputies:

According to the resolution adopted at the 11th standing committee meeting of the 6th regional people's congress, the major task of this session is, in implementing the guidelines of the 3d session of the 6th NPC and in line with the short-term development goal set forth at the 4th regional CPC congress, to discuss ways to double the region's 1978 industrial and agricultural output value in 1987 when the region celebrates its 40th founding anniversary, and the ways to successfully fulfill the work for 1985. On behalf of the regional people's government, I now give the following report to the session for your examination and discussion.

On the Current Situation

During the past year after the last regional people's congress session, the people of various nationalities throughout the region, under the leadership of the regional CPC committee and government, unswervingly implemented the CPC Central Committee's line, principles and policies, and achieved very gratifying results on all fronts through serious, fruitful work. The political and economic general situation of the region was very good, and a new situation which was increasingly better year after year since the 3d plenary session of the 11th CPC Central Committee emerged. The past year marked one of the best periods since the founding of the region.

The past year was one in which we carried out reform persistently, made active and steady advances, invigorated economic work and work in other fields to an unprecedented extent, and achieved progress which marked a breakthrough. The national economy of the region was developed resolutely in line with the principle of "enlivening domestic economy and opening to the outside world" in

a sustained, steady and coordinated manner, and a trend of development characterized by a progressive circle emerged. In 1984, the industrial and agricultural output value reached 11.908 billion yuan, a 9.4-percent increase over 1983. It showed an increase of 12.7 percent over 1978, averaging an annual increase of 7.3 percent. It was 7 percent higher than the quota stipulated in the "Sixth 5-Year" plan to be fulfilled in 1985.

Industrial production maintained sustained development, and economic results were improved simultaneously. The region's industrial output value of 1984 was 8.23 billion yuan, a 9-percent increase over 1983 and a 53.8-percent increase over 1978. The output of 66 of the 100 major industrial products evaluated by the region fulfilled or overfulfilled the quotas, and that of 16 products prefulfilled the quotas stipulated in the "Sixth 5-Year" plan. Product quality was further improved. In the year, industrial products won 1 state quality awards, 23 ministry quality awards, and 78 regional quality awards. Economic results improved to a new level. Budgetary local state industrial enterprises throughout the region created 4.035 billion yuan of output value, 13.6 percent over 1983. Their income from sales was 4.169 billion yuan, a 15-percent increase; and their profits were 419 million yuan, a 17.7-percent increase. In this way, they fulfilled the goal of increasing output value, sales and profit and tax simultaneously.

A bumper harvest was reaped in agricultural production, and the output value increased by a large margin. The agricultural output value was 5.695 billion yuan, 9.8 percent over 1983, and 51.1 percent over 1978. Total output of grain reached 11.883 billion jin, increasing by 6.1 percent over 1983; that of oil-seeds 1.195 billion jin, increasing by 11.1 percent; that of beets 2.82 billion jin, increasing by 4.4 percent; and that of aquatic products 15,000 tons, increasing by 2.6 percent. Total acreage of afforestation reached more than 10 million mu, and grass was planted artificially on more than 6 million mu of land.

The total output of grain and oil-seeding seeds as well as the afforested areas prefulfilled the targets set in the Sixth 5-Year Plan. The total number of livestock at the end of the year reached 30.754 million, a decrease of 1.2 percent from 1983. The number of livestock slaughtered reached 25.3 percent, an increase of 0.6 percent. The rate of livestock sold as commodities reached 17.8 percent, an increase of 0.9 percent.

New progress was made in developing diversified undertakings in the rural and pastoral areas. The township economy became brisker. The total revenue from township enterprises reached 990 million yuan, twice that of 1978, showing a good trend of development.

Capital construction intensified markedly and the returns on investment increased. The annual capital construction investment stood at 2.206 billion yuan, an increase of 27.6 percent over 1983. Great economic results were made in the capital construction investment. State-owned units had an additional 1.42 billion yuan worth of fixed assets. The rate of availability of fixed assets reached 64.7 percent, an increase of 9.5 percent. Some 18 large-scale

medium-sized projects were included in the regional plan, involving 1.159 billion yuan investment, and representing 99 percent of the annual investment plan. The progress of construction was fairly smooth and eight projects were put into partial or complete operation.

The urban and rural markets were further invigorated, forming a multi-channelled commercial network. The 1984 total retail sales of commodities in society in the region reached 6.83 billion yuan, an increase of 18.5 percent over 1983, prefulfilling the target set in the Sixth 5-Year Plan by 1 year. Of such a sum, the retail sales of collective units stood at 960 million yuan, an increase of 24.4 percent, and that of individual units stood at 520 million yuan, an increase of 1.4 times. Trade fairs in cities and towns were brisk and their total transaction volume reached 450 million yuan, an increase of 47 percent. New changes were made in the market structure. A commercial network characterized by diversified economic forms managements, and circulation channels was formed in the state-owned commercial units.

The pace of opening to the outside world was obviously accelerated. Some 46 projects were imported during the year involving more than \$15 million, which was greater than the total sum for the last 3 years. The region signed 29 economic and technical cooperation accords and agreements with other localities in the country, involving a total sum of 102.32 million yuan. New progress was made in foreign trade. The procurement value for exported goods during the year was 300 million yuan, exceeding the annual plan by 19 percent. Foreign exchange earnings from regional exports reached \$75 million, topping the plan by 100 percent, and that from exports allocated from other localities reached 200 million yuan, exceeding the plan by 17 percent.

Financial revenue increased steadily and financial expenditures were within the budget. Financial revenue reached 845.56 million yuan, exceeding the annual plan by 21.8 percent and showing an increase of 21 percent. Such an increase was greater than the national economic growth rate and our financial revenue prefulfilled the target set in the Sixth 5-Year Plan by 1 year. We were gratified at the fact that with the economic development and the improvements in economic results, a good trend of sustained financial revenue increases emerged in the region over several years. The total expenditures during the year came to 3.086 billion yuan, 93.2 percent of the fiscal readjusted budget, playing an active role in developing forestry, animal husbandry, and agricultural production; supporting enterprises to tap potential and to update equipment; promoting intellectual development; and improving the livelihood of the people. The financial revenue was greater than planned and the expenditures were within the budget. With the subsidies from the central authorities, we succeeded in balancing the financial revenue and expenditures, with a small surplus remaining.

Incomes of urban and rural people increased and their standard of living improved remarkable. Along with the development of production, the incomes of urban and rural people increased. According to a sample survey of peasant households, per capita income reached 336 yuan, an increase of 14.3 percent over 1983. The per capita income of herdsmen reached 573 yuan, an increase of

7.9 percent. The average annual per capita income of staff and worker households for living expenses was 529 yuan, an increase of 15.2 percent. In 1984, jobs were given to 199,000 people in urban areas. The number of staff and workers at the end of the year reached 3.06 million, an increase of 3.8 percent. The urban and rural savings deposits at the end of the year reached 2.18 billion yuan, an increase of 24.6 percent. A slight rise was registered in the index for retail sales in 1984, but the rise was lower than that in the income of workers, staff, peasants, and herdsmen. Therefore, the people gained real benefits.

In the course of reform, progress was made in educational undertakings and gratifying developments were made in scientific and technological work. Great achievements were made in developing various categories of educational undertakings at different levels. In particular, marked achievements were made in making primary education universal, wiping out illiteracy, and developing vocational technical education. Further achievements were made in developing education for minority nationalities and higher education. Investment in educational undertakings increased, conditions for running schools were improved, and quality of teaching was upgraded. Through tapping the potentials in all fields, the region has made rapid developments in the universities in the areas of staff and workers, TV colleges, and evening colleges, and made new achievements in upgrading the educational level of the people of all nationalities. The region has made gratifying progress in gearing science and technology to the needs of society and economic construction. A group of scientific research items were accomplished, three of which reach the international quality level. A group of excellent intellectuals have emerged and were commended and awarded by the regional CPC committee and the regional government. A strong atmosphere in which the masses study and apply science was formed. Rich achievements were made in conducting the campaign of universalizing science in the course of economic development.

New achievements were made in socialist spiritual civilization. The whole region widely conducted a campaign of commending the advanced emerging from the work of uniting the people of all nationalities. The unity of the people of all nationalities was strengthened. All localities deeply conducted the "five-stress, four-beauty, and three-ardent-love" campaign with the focus on creating and setting up civilized units. Various forms of campaigns, such as army-men and civilians, policemen and civilians, and factories and neighborhoods cooperatively setting up civilized units, reached a new level. New improvements were made in the peoples' ideological consciousness. The communist morality was further carried forward. A group of heroic collectives and model figures have emerged, such as "Baotou Sleeper Factory's heroic collective, which emerged from fire fighting and rushing to deal with an emergency," and "Little Hero Lian Xiaozhong sacrificed himself to save others." Through dealing blows to serious economic criminal and criminal activities and strengthening propaganda and education on democracy and legal system, the region has achieved a remarkable turn for the better in public security and social practice.

New achievements were made in work in the fields of culture public health, planned parenthood, sports, the press, broadcasting, television, publication, Mongol language, judicial undertakings, geological prospecting, posts and telecommunications, meteorology, and urban construction. These fronts have made contributions to the construction of the material and spiritual civilizations.

The broad masses of commanders and fighters of the PLA units and the people's armed police forces stationed in our region made new achievements in safeguarding the safety of the borderlands and supporting local economic construction.

The most fundamental experience in creating such a good situation and making such good achievements through summing up our work of the past year was that we persisted in the principle of unity and construction and of "concentrating on forestry and livestock production and carrying out a diversified economy," persistently proceeded from the reality of Nei Monggol, firmly centered on economic construction, further corrected the ideology for guiding professional work through conducting party rectification, carried out the system of enlivening the domestic economy and opening to the outside world, and developed the economy in the course of reforms. During the past year, first of all, we studied and implemented the "decision" adopted at the 3d Plenary Session of the 12th CPC Central Committee, promoted the reforms in the economic and other fields with the changes in ideology, and effected a change in the concept of leadership. In implementing the guidelines of the fourth regional CPC congress, we further unified thinking with regard to the major issues concerning the regional political and economic work, and made clearer the guiding ideology leading economic construction. Second, we unswervingly implemented the party's policy of enriching the people, gave large-scale publicity to and carried out the CPC Central Committee's document No 1 of 1984, and, in line with the actual situation of our region, formulated seven measures to further relax policies, and abolished, ahead of others, the monopolized purchasing and guaranteed marketing of minor miscellaneous grain, beef cattle, goats for mutton, and most medicinal herbs. We followed the principle of "emphasizing forestry and animal husbandry while developing the diversified economy" to gradually restructure farming and animal husbandry, improved the production responsibility system while maintaining its steady development, and promoted the commodity economy. Following a new breakthrough in the reform of state crop and livestock farms, various forms of small family crop and livestock farms developed vigorously. In the new situation, we held a regional pastoral work conference to further clarify the guiding ideology and fighting goals of pastoral areas in line with the new conditions and new characteristics of pastoral areas and pastoral work, and adopted a series of corresponding policies and measures to conscientiously implement the regional "regulations for grassland management," widely popularize the "double contracts" for grassland and livestock, and the systems of "selling animals to households at a fixed price," "allowing households to have the livestock without pay," and "contracting grassland on a household basis." All these yielded good results and promoted the reform in the pastoral areas. Third, with "simplified administration," "delegated power of lower levels," and

"contracts" as a breakthrough, we promoted the sound development of the reform of the urban economic structure. In line with the State Council's "10 regulations on power expansion," we put forward 10 opinions on implementation at the regional economic work conference, delegated power to the enterprises directly under the region and the second-level commercial wholesale stations, and actively introduced the various forms of the contract responsibility system at industrial and commercial enterprises while carrying out the reform in the planning system and the second-step substitution of tax payment for profit delivery. A series of reform in industry, commerce, transportation, construction, labor and personnel, wages, awards, culture, education, and science and technology were also vigorously started, and a situation of overall reform is gradually taking shape. Fourth, proceeding from the reality of the region and earnestly implementing the policy of "enlivening the domestic economy and opening to the outside world," we strengthened unified leadership over the work of opening to the outside, and worked out plans for foreign capital utilization and technology import for the period before 1987. Fifth, we respected knowledge and talented people, paid attention to development of intellectual resources, further implemented the policy on intellectuals, and thus aroused the initiative of all quarters. Sixth, we strengthened leadership over economic work, and held meetings at regular intervals to analyze economic situations. In particular, since this year, we have held meetings on economic work in a timely manner to discuss the new situations and new problems in current economic life, and adopted corresponding measures to cope with them. We have scored remarkable achievements in this, and further consolidated and developed the excellent situation.

Fellow deputies! The remarkable achievements we won during the past year proved that the series of policies of the CPC Central Committee and the State Council are correct. They are the results of the diligent efforts and brave reform and creation of the people of various nationalities throughout the region under the leadership of the regional CPC committee and government. This is the mainstream of the development of the situation. We should note, however, that our work still lags rather far behind, the "leftist" influence and outdated ideas and regulations still interfere in our efforts to reform and create the new, the commodity economy is not developed, we lack experience and methods in the major science of organizing for the socialist commodity economy, our economic results are poor, technologies backward and productivity low, the strained transportation is yet to be fundamentally improved, and a complete situation of opening to the outside world still has to be created. In addition, in the second half of last year, particularly in the fourth quarter, some breakthroughs were made in the circulation of currency and in the scope of loan issuance. But in some places and enterprises, there were such new unhealthy trends as random price increases, wanton issuance of cash prizes and materials, and abuse of powers for personal gain. As for the breakthroughs made in the circulation of currency and for the increases made in the issuance of loans and consumption funds, some were reasonable and some unreasonable. Although these problems are nonessential, great attention should be paid to them. The better the current situation becomes, the greater attention should be paid to remaining sober-minded and to seeing shortcomings, problems, and deficiencies in our work. We should be good at discovering and

understanding the new situations, summing up new experiences, and solving new problems. We believe that as long as we firmly implement the "CPC Central Committee's Decision on Economic Structure Reform" and the guidelines of the Third Session of the Sixth NPC, unify our thinking, and attend to our work in a down-to-earth manner, and as long as there is the support and hard work of fellow deputies and the 19 million people of various nationalities in the region, we will certainly be able to achieve stable, sustained, and sound development in our economic construction and score new and greater achievements.

On the Fighting Goals for Doubling the Gross Industrial and Agricultural Output Value by 1987

In line with the general task and goal set forth by the 12th CPC Congress, the fourth regional CPC congress decided that "we should strive to quadruple the 1980 gross industrial and agricultural output value by the end of this century, on the premise of continually increasing the economic results; and should strive to double the 1978 gross industrial and agricultural output value by 1987, which marks the 40th anniversary of the founding of the Nei Monggol Autonomous Region." It is a strategic policy decision of great importance to keep the long-term interests in mind, attach importance to the immediate interests, and give priority to the work in the first 3 years. Fulfillment of this goal is very important to consolidating and further developing a stable and united political situation, to promoting the development of the regional economy, to effecting a big leap in the economy in the 1990's, to rapidly making the people prosperous, and then to quadrupling the gross industrial and agricultural output value by the end of this century. This is a great event with which the people's deputies and the people of all nationalities are greatly concerned. This is also the central task of the governments at all levels in the next 3 years. In terms of this issue, which affects the overall situation, we must unify our thinking, enhance our understanding, work with one heart and one mind, and win the first battle in order to lay a good foundation for keeping with the national pace in vigorously developing the economy after 1990.

In fulfilling the fighting goal of doubling the gross industrial and agricultural output value by 1987, we have many favourable conditions. They are as follows: First, thanks to construction in the past 30 years or so, tremendous changes have taken place in our industrial, agricultural, and livestock production, and thus laid a reliable material basis. Second, the CPC Central Committee's decision on the economic structure reform has opened a vast prospect for liberating productivity. Third, with the experiences gained in the past 30 years or so, the experience gained since the 3d Plenary Session of the 11th CPC Central Committee in particular, we have obtained a clear understanding of the law concerning the region's natural resources and the law of the economy. Fourth, the promulgation and implementation of the law on the regional autonomy of minority nationalities and the preferential policies adopted by the CPC Central Committee toward the minority nationalities are conducive to accelerating the pace of importing foreign capital and technologies to our region and to strengthening the cooperation between our region

and other places. Fifth, the party rectification will certainly rouse initiative in all aspects, and promote the reform in economic work and other fields of work. Sixth, the starting point of our economy is relatively low; our economic potential has not yet been fully tapped; there is a vast world where much can be developed; town- and township-run enterprises and the tertiary industry are springing up and developing; and the existing enterprises have great potential to be tapped. Seventh, our region is rich in natural resources, some projects with favorable natural conditions have already been listed in the "Seventh 5-Year Plan," and a number of on-going projects will soon be completed and put into production, and will yield benefits. Eighth, at last year's regional planning conference, we set the targets for achieving doubling increases for various leagues and cities. Various localities also formulated relevant measures for implementation. Ninth, we have a mighty and quality scientific and technical contingent. A number of cadres with economic and managerial skills and with a pioneering spirit came into being. We should make full use of the objective favorable conditions, adhere to the region's general development strategic ideology defined at the fourth regional party congress, carry out reform with one heart and one soul, advance steadily, greatly raise economic results, and guard against blind pursuit of growth and competition for it. Through subjective and active efforts and steady work to realize firm growth of the 1984 total industrial and agricultural output value, the fighting objective of achieving a double increase in both industrial and agricultural output value will surely be realized. By that time, our financial revenue will increase by a large margin, the people's livelihood will be greatly improved, and we will march toward new economic prosperity with actual strength and a fairly good material foundation.

The fundamental way to achieve the 1987 fighting doubling objective is to continuously carry out the economic structural reform. On the whole, the focus of economic development should be on the following three aspects:

We should continue to steadily and firmly grasp large-scale agriculture and actively develop the commodity economy in the rural and pastoral areas. Agriculture is the foundation of the national economy. "There will not be a stable economy without agriculture because the most important thing for the people is food." We should conscientiously implement the guidelines of this year's central document No 1, continue to improve the family-based output related contract responsibility system in the rural and pastoral areas, reform the unified and assigned systems while procuring agricultural and animal products, actively advance the readjustment of the industrial structure, and strive to develop the commodity economy. We should proceed from the reality of the region, adhere to the principle of "taking forestry and animal husbandry as the main production while diversifying the economy," and continue to steadily and firmly grasp large-scale agriculture. We should never waver in grasping agriculture or slacken our efforts in grain production. The enthusiasm of the farmers should be boosted. In grain production, we should raise the per unit area yield and the total output and improve the grain quality. Vigorous efforts should be made to develop commodity production, diversify the economy, raise the level of comprehensive utilization, increase the number of industries, expand and open up new production spheres, and

stimulate the development of grain production. Along with the sustained growth of grain production, we should fully use natural resources, vigorously develop animal husbandry in the farming areas, grasp the processing of agricultural and sideline products, and the building, transportation, mining, and tertiary industries, and achieve coordinated development in agriculture, forestry, animal husbandry, sideline occupations, fisheries, industry, commerce, transportation, building industry, and service trades. We should clear the circulation channels and open up markets for the increasing amount of agricultural and sideline products.

Our region has advantages in developing the animal husbandry economy. Governments at all levels should grasp economic development in the pastoral areas as their major tasks, readjust the contradictions between grasslands and livestock, plant grass for livestock, and develop grasslands. Continued efforts should be made to implement the "double contracting" responsibility system in breeding livestock and cultivating grassland, implement the "grassland administrative regulations" in an all-round manner, set the grassland utilization right for herdsmen and specialized livestock breeding households, fully mobilize their enthusiasm, adapt measures to local conditions while managing natural and artificial grassland and baling and storing grass, do a good job in protecting, managing, and utilizing grassland, vigorously plant grass and trees, restore vegetation, gradually establish a new and good ecosystem, and enable animal husbandry to embark on the path of steady development. While readjusting the structure of animal husbandry, we should actively reform the management system in animal husbandry, establish a new industrial structure, turn the simple mode of production into both production and business, gradually integrate planting and breeding, comprehensively manage animal husbandry, industry, and commerce, promote cooperation among producers, and supply and marketing agents, and turn animal husbandry and the breeding industry into specialized, commercialized, and modern businesses. We should adhere to the policy of enlivening the domestic economy and opening to the outside world, do a good job in the socialized service for animal husbandry, and mobilize and organize the forces of all quarters--the state, the collective, and the individual--to establish, step by step, a fairly complete service network covering improvement of livestock strains, propagation and breeding of livestock, prevention and treatment of epidemic diseases, operation and management of forage grass, and feed and livestock breeding machinery, as well as processing, storage, transportation, supply and marketing, and credit and insurance. We should intensify scientific research and education with regard to animal husbandry, raise the scientific level of livestock breeding, and open up a new situation as quickly as possible in the fields of grass planting, livestock breeding, improvement of strains and fees, and processing of animal by-products so that we can change the backward or primitive production methods for animal husbandry, promote grain conversion, increase the variety of animal by-products, and improve the quality of animal by-products or processed products. Development of communications, transportation, and telecommunications in pastoral areas should be accelerated, wind and solar energy resources should be fully used for power generation, and necessary equipment and tools should be supplied successfully in order to solve the energy problem of

pastoral areas. All trades and professions should support pastoral construction, conscientiously render good service prior to, during, and after production for animal husbandry, and make more contributions to enlivening the economy in pastoral areas.

We should fully tap the potential of the existing enterprises, and greatly promote technical progress. In order to achieve the goal of a 100-percent increase in 1987, our work focus should be placed on the technical transformation of the existing enterprises. This is the most fundamental standpoint and the major field of work, and we should pay close attention to this, in a resolute and decisive manner, and never be vague on the matter. Our region now has some 7,200 industrial enterprises, and the original value of their fixed assets is some 12 billion yuan. However, most of the enterprises have old equipment, low technical level, and poor management. Compared with the national average, the output value created per 100 yuan of fixed assets is about 40 percent lower, profits and taxes realized per 100 yuan of funds is about 50 percent lower, per-capita productivity is about 40 percent lower, and energy consumption per 10,000 yuan of output value 100 percent higher. Therefore, based on the existing conditions, we have a great capacity for fully tapping the potential of the existing enterprises, improving operation and management, and increasing output value and economic benefit through renewal and renovation of the existing enterprises. Compared with undertaking a new project, renewal and renovation require less money and time, and yield quicker returns. All trades and professions should pay attention to and carry them out one by one, and make sure that actual results are achieved.

The autonomous region has formulated plans for 426 enterprises to undertake 515 technical transformation projects from 1985 to 1987, involving 1.6 billion yuan in funds. All competent departments should work in coordination with leagues and cities to conscientiously consolidate enterprises, to step up planning for different trades and zones, to further clarify the development orientation and the major points in technical transformation and technology import of various trades, and to earnestly make good early-stage preparations. Requirements in speed, output value and economic results of each project should be clearly set, examined, and attained. We should attach importance to the returns on investment, and strive to make nearly 50 percent of the products of some key enterprises reach the national advanced ranks for similar products at the time when the region celebrates its 40th founding anniversary. The general demand of the region is, through the technical transformation of the existing enterprises, to further reduce consumption and cost, improve product quality, raise the output value rate created by certain amounts of funds and enable the state industrial enterprises with independent accounting to increase their output value created per 100 yuan of fixed assets by 3 percent or more every year.

Future formulation of plans for technical transformation and utilization of funds for the same purpose should be gradually reformed. The plans should be formulated and projects determined in line with the principle of building a project with less investment, quicker returns, shorter construction period, better economic results and producing readily marketable products. In the

field use of funds, the past allocation by the state should be gradually changed into loans. The supply of raw materials should be coordinated with and give priority to the projects for technological transformation. The distribution of funds for technological transformation, and reconstruction and extension projects should be coordinated so as to raise the utilization rate of funds and to gain returns from investments. Based on this, we should firmly attend to upgrading and updating products, reforming production technology, and upgrading product quality, and further coordinatively link the tackling of technological problems with the trial production of new products; applying new technology; importing, digesting, and absorbing new foreign technology; popularizing, applying, and transferring domestic and regional new technology, enterprises' technological transformation, and the mass production of new products with a view to ceaselessly developing enterprise technological transformation and progress. Simultaneously, large- and medium-sized key enterprises should put their role into full play, concentratively rely on tapping their internal potentials to develop "competitive products," to upgrade their competitive ability, and to increase their production value.

We should firmly attend to the construction of on-going key projects and increase the return from investments. So far, construction of a group of on-going projects will be completed and they will be put into operation by 1987. This plays an important function in realizing the goal of doubling results. Of the on-going projects, in addition to the Huolinhe coal mine's south open pit with an annual production capacity of 3 million tons of coal and the first mining area of the Yiminhe coal mine's No 1 open coal pit with an annual production capacity of 1 million tons of coal which have been put into production, construction of nine pairs of coal mines is expected to be completed by 1987, including the Huolinhe and Yiminhe coal mines. The newly added capacity will be about 10 million tons. The on-going projects include the 600,000-kilowatt Yuanbaoshan powerplant, the 100,000-kilowatt Baotou No 1 powerplant, the 400,000-kilowatt Tongliao powerplant, the 100,000-kilowatt Wulashan powerplant's extension project, the 50,000-kilowatt Donghailaer powerplant, and the 50,000-kilowatt Linquan powerplant. The newly added capacity will reach about 1,300,000 kilowatts. We also have such on-going projects as the second phase 44,000 ton aluminium ingot project at the Baotou aluminium factory, a 10,000 Chifeng woollen silver (3029 2742) factory with 10,000 spindles for precision spinning and weaving and 2,000 spindles for coarse spinning and weaving, the Hangjinhouqi sugar refinery with a daily beet handling capacity of 15 million tons, the first phase Tanyaokou iron pyrites project with 450,000-tons of mining capacity and 400,000-tons of ore dressing capacity, the Tongliao woollen textile factory with 4,800 spindles for precision spinning and weaving, the Wulanhaote woollen textile factory with 1,120 spindles for coarse spinning and weaving, the Hailaer dairy products factory extension project, and the Nei Monggol pharmaceutical factory. After the construction of all these projects is completed, output value will increase to over 700 million yuan. Therefore, we should firmly attend to construction of on-going key projects, accelerate construction speed, and ensure construction quality so as to gain economic results.

In order to accelerate the construction of on-going projects and to ensure the development of on-going key projects and other construction undertakings, we must make a unified plan in accordance with the principle of linking demands with possibility so as to make the most of our limited funds. We should stress making, collecting and using money; and make efforts to increase our income, reduce the expenses for nonproduction items, and strictly control consumption funds. While stressing the management of funds covered by the budget, we should also pay attention to stressing the use and management of funds not covered by the budget. We should pay attention to the relations between investments and output and make a proper unified plan for concentrating our investments lest we make investments in repeated construction projects.

In order to realize the doubling goal in 1987, we should take the following few specific measures:

First, we should continue to achieve reforms and internally enliven the economy. On the basis of stabilizing and perfecting various forms of responsibility systems, rural and pastoral areas should further relax policy restrictions, reform purchasing and marketing and financing and revenue systems, rationally readjust the economic structure; set up and perfect a service system, reform the circulation system and methods, improve the relations between urban and rural areas, expand the economic relations between urban and rural areas, and promote a common flourishing of the urban and rural economy.

While carrying out reform in the rural and pastoral areas, we should comprehensively reform the economic structure with the focus on the urban areas; grasp the key link of invigorating enterprises; delegate due powers to enterprises in line with the stipulations of the State Council and the regional government; implement the system that charges factory directors and managers with full responsibility; further simplify administration; decentralize powers and implement the contract system; separate government function from business management; and enable enterprises to organically integrate responsibility, power, and benefits. In enterprises, we should further improve the various forms of management and operational systems, closely link the operational results of enterprises with the benefits of workers and staff, strengthen political and ideological work, properly handle the relationship between the state and enterprises and between enterprises and workers, fully mobilize the enthusiasm and the creativity of the grassroots units and workers, realistically enable enterprises not to eat from the "big common pot" of the state and workers not to eat from the "big common pot" of enterprises, and fundamentally change a situation in which there is no difference between good or bad operation on the part of enterprises and between one who performs well and one who performs poorly and between one who does much and one who does little.

Along with the delegation of powers to enterprises at the lower levels, implementing the second step of substituting taxes for delivery of profits, and further invigorating small state-owned enterprises, we should pay particular attention to invigorating large- and medium-sized key state-owned enterprises.

The State Council recently put forward 14 measures for invigorating large- and medium-sized enterprises. The regional government will select a number of enterprises as pilot units. All localities and units should grasp such work in line with the stipulations of the State Council. All enterprises should readjust leading bodies and establish new ones with intelligent and capable cadres who are brave in pioneering, establish and improve the various democratic management systems, diversify the economy, actively develop comprehensive utilization, and strive to raise economic results.

Second, we should gradually readjust the rural industrial structure, and boldly develop township enterprises. There are many things to do in the reform of the rural and pastoral areas. However, we should seek truth from facts, suit measures to local conditions, and carry out readjustment in a steady manner. Meanwhile, we should not slacken our efforts in grain production, and better readjust the structures of grain, oil-bearing, and sugar-bearing crops; of agriculture, forestry, and animal husbandry; of the planting, breeding, and processing industries; and of agriculture, industry, and commerce.

While readjusting the industrial structure, we should also boldly develop township enterprises. Our region has many favorable conditions for developing township enterprises. At the regional township enterprise work conference, the regional government put forward specific principles, policies and measures for accelerating the development of township enterprises. This year, township enterprises plan to earn 1.2 billion yuan and will earn 1.7 billion yuan by 1987. Township enterprises should be developed at a rapid pace. We should fundamentally change our ideology and change the past natural economy, characterized by single-product farming and animal breeding, to the path of comprehensive development in agriculture, forestry, animal husbandry, sideline occupations, and fisheries, and comprehensive operation in agriculture, industry, and commerce. Policies should be eased and the business scope of township enterprises should be expanded. The sources of funds for township enterprises should mainly come from villages. We should encourage urban people to invest their idle funds in the rural areas and give preferential treatment to township enterprises in terms of credit and taxes. Township enterprises should be further consolidated and reformed and the system that charges factory directors and managers with full responsibility as well as economic and management responsibility systems should be established. We should tailor measures to local conditions; fully display the superiority of the rural and pastoral areas; actively develop the processing of farm and sideline products, fodder grass and animal feed, animal by-products, and food; continue to raise the standards of reprocessing; develop the mining, building, building material, communications, transport, commercial, and various other industries; and open up more avenues leading to prosperity.

Third, we should persist in importing technology, carry out internal cooperation, and further open the region to the outside world. Our region is situated in a border area. It is absolutely different from those situated in coastal areas. In opening to the outside world, we should proceed from the actual situation in the region. We should first, open the region to foreign

countries and to places outside the region; second, break the barriers between different trades; and third, carry out cooperation among various enterprises. At present, we should attach great importance to interregional cooperation, gradually turn our field of vision from the regional and domestic scopes to the international scope, persist in the "external-type" open economy, and implement preferential policies under the principle of equality and mutual benefits.

In opening to the outside, preferential policies should be implemented. Because ours is an outlying region, we will be unable to attract much foreign capital if we stress only on how many development projects we can provide to the neglect of providing a best investment condition. Therefore, it is very important to create a good environment for investment. Although the capital and technology can be imported from other places, a good environment for investment can only be created through our own efforts. To this end, we should provide a reliable power supply service, improve the traffic and communications facilities, ensure the livelihood of the investors, raise the work efficiency of government organizations, and promptly improve the economic regulations concerning the cooperations between the region and other places.

In importing capitals, technologies and talented persons and in organizing economic and technological cooperations, our focus should be placed on the development of industrial, agricultural and livestock production and on the technical transformations of old energy and communications enterprises. Before importing capitals and technologies, we must make full preparations. In developing the imported projects, we can adopt various forms, such as joint ventures, the monopoly capital, and compensatory trade. Under the current situation in which our region has insufficient funds, the leasing industry is also a good form. The regional authority has already made an initial arrangement to import 75 cooperative items from this year to 1987, and all localities and departments should pay attention to this work. The region's agencies stationed in other places should act as a go-between and window for the region to organize economic and technical cooperations and import foreign capital.

To promote the opening to the outside and expand local trade, we should pay attention to the construction of the basic facilities of the Erenhot and Manzhouli Inland Ports. Meanwhile, we should effectively utilize the coastal ports to expand export, earn more foreign exchanges, and promote the development of our economic construction.

Fourth, we should tap potentials in many fields, and strive to develop the communications and transport industries. To greatly develop the region's economic construction and fulfill the task of doubling the gross industrial and agricultural output value in 1987, we must give priority to the development of the communications and transport industries.

In developing the communications and transport industries, we should have macroeconomic ideology, pay attention to the key transport lines and remote border areas, develop various kinds of transport and communications means, utilize the existing conditions to mobilize the initiative in all aspects, and

allow the people to develop the communications and transport industries. At present, inland transport constitutes the main part of our region's transportation, and highways and railways are the major transportation means. In the coming 3 to 5 years, priority should be given to the construction of highways. Because our region has many neighbors, and is close to the Beijing, Tianjin, and Tangshan industrial zones, we should pay special attention to building passageways in these contiguous areas to ship out our goods, and should also build roads linking these passageways and build roads in counties and townships in order to gradually form a crisscross network of roads. The main highways which are under construction and will be built include: The Hohhot-Xilinhot Highway, the Baotou-Dongsheng Highway, the Linhe-Wuhai Highway, and the Yakeshi-Zhalainuoer Highway. To meet the needs of the regional economic development, in addition to accelerating the construction of the Da-Bao double-tracking project and the rebuilding of the Ji-Er Railway Line, we should vigorously find ways, raise funds, and prepare for the early completion of the Jining-Tongliao Railway Line. In the course of building highways and railways, we should actively restore the water transport of the Huang He, and strive to create conditions for expanding the capacity of air transportation. We should also adopt various measures to separate the short-distance transport from the railway transport so as to lighten the burden imposed by the short-distance transport on the railway transport. To enliven the communication and transport industries, we should emancipate our mind, discard the single-product management, simultaneously develop the land, water, and air transport services, and pay equal attention to all kinds of transport means. Meanwhile, the state, collectives, and individuals should make concerted efforts to apply the economic levers to mobilize the initiative in all aspects so as to enliven the transport industry.

Feasibility studies should be carried out for every communications and transportation project we undertake. Once a project is decided on, we should organize strong, streamlined, and efficient commanding departments, which have a sense of respect for economic benefits, to design and construct meticulously, work diligently, calculate and budget carefully and strictly, economize on investment, complete the project and put it into operation as soon as possible, and make it yield economic and social results at an early date. All in all, we should give full play to the enthusiasm and initiative of all localities and the masses, and develop communications and transportation undertakings successfully with the manpower, financial material sources pooled from various channels.

In order to help remote and poverty-ridden areas change their backward transport situation, the state decided to allocate certain amounts of grain, cotton and cotton cloth as subsidies to these areas, which should send manpower in return for the subsidies to build roads, water transportation facilities and small water conservation projects in banners and counties and other areas under this level. With regard to the grain, cotton, and cloth to be distributed to our region, the regional people's government will divide and deliver them to the pertinent banners and counties. All localities should work out plans, make good arrangements for necessary funds and materials, and successfully complete the projects.

Fifth, we should continue to relax control over markets, and clear circulation channels. Markets and circulation flourished more in the past few years than before. Generally speaking, however, our current circulation is carried out in a condition of an underdeveloped commodity economy and inaccessibility of transport facilities. It is still very incompatible with the increasingly developing commodity economy and the ever growing needs in the people's material and cultural lives. The problem of ignoring circulation is yet to be totally solved. Circulation is a bridge linking production and consumption. In order to conform to the region's situation in economic construction and strive to fulfill the goal of a 100-percent increase in 1987, we should change the outdated idea of the natural economy, firmly foster the idea of the socialist commodity economy, use our brains to work out more ways to clear circulation channels and enliven the market, solve once and for all the current difficulty in purchasing and marketing, and enable the region's economy to develop more quickly and vigorously in unblocked channels.

In order to make circulation flourish, we should further relax control over markets and, under the premise that the state sector of the economy is the leading force of our country's socialist economy and that the socialist orientation is adhered to, allow all enterprises to enter markets freely to join the competition and carry out exchanges of equal values as long as they abide by the state law. We should develop industry-commerce and commerce-commerce joint operations, conduct businesses through various channels, and continue to run the various forms of wholesale trade centers and shops successfully. We should further carry out reform of the circulation system, consolidate the achievements in delegating power to second-level commercial stations, give play to the key role of large enterprises, and be determined to change small state commercial units into collective ones to be operated on a contract basis or to be leased to individuals for operation. In the reform of supply and marketing cooperative, it is necessary to change them into cooperatives run by the people instead of the government, encourage more people to join the organizations, manage them in a democratic manner, operate them more flexibly, make arrangements for various operational forms, such as individual operation, joint operation and commissioned business, regulate commodity circulation with the law of value, institute and improve the various forms of the operational contract responsibility system, gradually turn them into multipurpose service centers for production, processing, purchasing and marketing, storage and transportation, and promote the development of the commodity economy in rural and pastoral areas. Various forms of economic sectors, operational methods and circulation channels, and state commercial units and supply and marketing cooperatives and other collective and individual commercial units should be developed simultaneously, and the people in urban and rural areas should be encouraged to undertake the tertiary industry, and restore and develop traditional services in commercial, catering, service, and transportation trades. We should fill the gap in the services in monetary, legal, accounting, and tourist fields as soon as possible and further open up and develop modern budding service work in technology, information, and consultation.

Sixth, we should realistically carry out scientific, technological, and educational reform, and pay great attention to specialized personnel and intellectual development. Through more than 30 years of construction, our region has achieved initial success in forming a scientific and technical contingent. However, judging from the number and the quality of such a contingent and from its ability to deal with emergency cases, it is still far from meeting the needs of regional economic and social development. Therefore, we should speed up intellectual development and the development of talented persons and consider such work as our major tasks. At the recent national scientific and technological work conference, Comrade Deng Xiaoping touched on the issue of talented persons and prominently stressed two points: "First, we should realistically solve some of the problems of intellectuals each year and achieve real success; second, we should create an environment for top-notch personnel to come to the front." In speeding up the development of talented personnel and intellectual resources, we should pay attention to training them and creating an attractive and good environment for them. As for the existing talented personnel in the region, we should treat them in line with the policy on intellectuals, take the whole situation into account and plan accordingly, use them rationally, enable them to display their knowledge and ability, treat them equally without discrimination in terms of politics, and boldly employ them and care for their livelihood. We should be good at discovering, uniting, and utilizing talented personnel, and gradually form a good social practice of "respecting knowledge and talented personnel." We should launch activities on respecting teachers, and raise their political and social status. The talented personnel management system should be reformed and the rational flow of talented personnel should be permitted. We should encourage to and support them in work in grassroots units, outlying districts, and poverty-stricken areas. Efforts should be made to resolutely implement the "Decision of the CPC Central Committee on Reforming the Scientific and Technological Systems," open up technical markets, commercialize scientific and technical findings, and gradually popularize the system of compensation for use of scientific research funds and investment and for the transfer of scientific research findings. We should gear scientific research items to regional economic construction, pay attention to the macroeconomy, start with projects that can produce returns immediately, and promote the development of productive forces. We should boldly and actively import talented personnel from outside the region and carefully create attractive conditions for them in line with regional characteristics, with what they think and need, and with the trend that the flow of talented personnel is inevitable.

We should proceed from the regional reality, pay attention to training talented personnel, speed up the popularization of primary education, develop vocational and technical education as well as minority and adult education, readjust the distribution of schools and the establishment of specialized schools. Active and careful efforts should be made to reform the educational structure and teaching, the educational management system, the content of instruction, and teaching methods; strive to improve the educational quality; and train all kinds of talented personnel needed for economic construction in the region. Meanwhile, we should give priority to developing the audio-visual education program in line with the region's financial ability and material

resources and in a planned manner. We should do a good job in operating vocational, television, correspondence, and evening universities as well as specialized schools and courses, and encourage the people to become competent through self-education. Policies should be further eased. Leagues, cities, factories, mining enterprises, and the rural and pastoral areas where conditions permit and individuals with the proper conditions may also help develop intellectual resources through diversified channels and forms, train badly needed managerial personnel and persons in charge of commodity production and operation, and raise the scientific and cultural level of the people of various nationalities in the region.

On Doing a Good Job in the Major Work for 1984

The year 1985 is the year to implement the central decision and the year to fight the first battle in comprehensively reforming the economic structure. It is also a crucial year for realizing the target of achieving a double increase in industrial and agricultural output value in 1987. In the past 4 months, the region's situation in economic development was good and the overall level was better than that of the same period last year. Judging from the current trend of development, the economic situation this year will surely be better than last year's.

Major economic norms for 1985 are: The total industrial and agricultural output value is planned at 14.778 billion yuan, a 6.3-percent increase over 1984, of which the output value of industry is planned at 8.727 billion yuan, a 6.3-percent increase; and that of agriculture, 6.051 billion yuan, a 6.4-percent increase. The output of grain is planned to be 11.8 billion jin, about the same as the last year; that of oil-bearing seeds 1.1 billion jin, a 7.9-percent decrease; and that of beets 3 billion jin, a 6.4-percent increase. The total number of animals this year should reach 31.7 million by the end of the year, a 3.1-percent increase, afforested acreage should be 9 million mu, and that of planted grass 7.12 million mu. Total capital construction investment will be 1.765 billion yuan, of which 1.296 million yuan is from the central authorities and 469 million yuan from localities. The volume of commodity retail sales should increase by 13 percent to 7.4 billion yuan. Budgetary revenue is 873 million yuan, an increase of 3.3 percent, and budgetary expenditure is 2.668 billion yuan, an increase of 16.9 percent over that of early 1984. The above norms are set with some margin left, and can be fulfilled or overfulfilled through efforts.

In this year's work, we should continue to carry out the principle of "reforming, opening, and enlivening," and promote industrial and agricultural production. People's governments at all levels and all trades and professions should wholeheartedly develop the economy, effect reform and correct new unhealthy trends; emphasize the need to have ideals, taking the overall situation into account, abiding by discipline and being united; and consolidate on a long-term basis the excellent tendency in economic reform. In the excellent situation, we should continue to follow the guidelines of the fourth regional CPC congress and the regional CPC committee work conference, make vigorous progress, and lose no time in promoting reform. However, no matter how good

the situation is, we should remain clear-headed, calmly think over all the things we should do, and fully estimate the problems and difficulties we are facing. In the field of guiding ideology, we should seek truth from facts and proceed from reality in doing everything. With regard to steps and methods, they should be positive and steady and cover both long-term and short-term work. Projects of immediate interest should be carried out before those of long-term interest and small ones should be carried out before large ones so that we can prevent being too carried away whenever the situation is good, and can guard against the past method of doing everything "on a large scale and quickly" irrespective of the overall and long-term interests and actual subjective conditions and possibilities, and the methods of seeking high output value and growth rate blindly, and of resorting to fraud and engaging in formalism. Our experiences and lessons gained over the past 3 decades and more are fairly profound. Therefore, we must pay attention to the trend of current economic development, exert real efforts, stress actual results, and successfully perform work in all fields.

In carrying out reform this year, we should follow the principle of "being steadfast, being prudent in fighting the first battle, and being sure to win"; be resolute about the general orientation and the general objective; and act in accordance with the State Council's unified arrangements in effecting reform concerning the overall situation. When taking steps and methods, we should be prudent and stop to see if we are right whenever we take a step. In his report to the third session of the sixth NPC, Premier Zhao Ziyang pointed out: "Making important steps in the reforms of both the wage system and the price system are the two major tasks in this year's restructuring of the economy." In this year's wage reform, the major point is to reform the present irrational wage system, gradually eliminate the long-standing defect of egalitarianism characterized by a "big rice pot" in wage distribution, and establish step by step a new wage system which can fairly successfully embody the principle of distribution according to work. All localities, departments, and enterprises and establishments should take the overall situation into consideration; strengthen leadership and education; and take the initiative in abiding by and strictly implementing the state's various regulations concerning wage reform. We should adopt a fully prudent attitude toward the price reform, persistently implement the principle of "relaxing the control over price reform, readjusting the prices of some commodities, and carrying out the reform in a step-by-step manner," and conscientiously implement the principle of "raising some commodity prices while reducing others." In accordance with the principal contents of the decision on price reform issued by the state this year, as well as various relevant regulations, we should enthusiastically adopt effective measures, conscientiously strengthen propaganda and education on price reform and supervision and management over market prices, and basically stabilize commodity prices to ensure a smooth implementation of the state's program on price reform.

The reform of the economic structure, with a focus on urban areas, involves more fields and is more complicated than the reform of the economic structure with a focus on rural and pastoral areas. Because we lack experience, we must

remain sober-minded. We should repeatedly think over our problems and difficulties rather than take hasty actions for fear of suffering risks that should not take place. Our goal is to enliven the whole economy. We should take step-by-step measures, proceed from the region's reality, and carry out a system of separating government functions from business management and the work of delegating powers to the enterprises in line with the spirit of the "decision" of the 3d Plenum of the 12th CPC Central Committee. Since the beginning of last year, the regional people's government has clearly formulated several regulations on firmly attending to the implementation of the work and accomplishing the work by the first half of this year. From now on, the governments and the economic administrative departments will not directly manage the enterprises any longer, but concentrate energy on attending to control over the macroeconomy and strengthen planning, instructions, coordination, supervision, and service. First of all, in line with the method of "change, lease, and conversion," we should further relax policy restrictions to enliven small state enterprises. We should pay special attention to enlivening large- and medium-sized state key enterprises. Recently the State Council set forth 14 measures for enlivening large- and medium-sized enterprises and the regional people's government formulated relevant detailed rules and regulations for implementing the 14 measures. We should gradually carry out the work in all areas by drawing upon experience gained at key points. Some administrative companies should conscientiously be consolidated, some should be abolished, and some should be turned into economic entities that carry out self-management and independent accounting and assume sole responsibility for their own profits and losses. In line with the State Council's "several regulations on improving the planning system," the regional people's government has formulated specific methods for the reform of the planning system. The general guidelines of the reform of the planning system are to change the unitary planned economy into a planned commodity economy. We should exercise effective control over major issues while allowing flexibility on minor ones and appropriately delegate the power regarding examinations and approvals to lower levels.

In line with the actual conditions of our region, we should relax policy restrictions to enliven market towns and firmly attend to the implementation of reform work. Market towns, in connection with rural and urban areas, are centers linking the urban economy with the rural economy; they also play a role as a fairly integrated, basic unit in the social economy. Small market towns that come between urban and rural areas are different from rural, pastoral, and urban areas. With a broad hinterland, and with the characteristic of having a half settled population and a half mobile one, small market towns have favorable conditions for making the most of local natural resources. With an economic structure that links agriculture and animal husbandry, industry, sideline occupations, and commerce, small market towns, located between rural and pastoral areas, have good conditions for conducting cooperations, good transportation service, service facilities, and trade markets. Experiences during the past few years have proven that our successes in enlivening small market towns and conducting reforms have promoted reforms of the rural and pastoral areas and big- and medium-sized cities as well as offer experiences for the reforms of big- and medium-sized cities. In line with

local conditions, all localities should enthusiastically conduct reforms in selected areas, gain direct experience, and explore new ways for reforms. Simultaneously, we should strengthen the construction of small market towns and pay attention to developing trade fairs.

We should firmly concentrate this year's work on economic construction and concentrate our energy on implementing our work. We should organize the production and circulation well and make efforts to realize increases in output value, profits and taxes, and revenue at the same pace. We should vigorously increase the production and supply of commodities which are readily marketable; give full play to the role of the banks as an economic lever; strictly control the circulation of currency, the issuance of credit and loans, and the scope of capital construction; strengthen banking management; and accelerate the withdrawal of currency from circulation. All departments should strive to increase income and economize on expenditure, give full play to the rule of the existing funds, vigorously support the industrial, agricultural, and livestock production, and control the increase in irrational consumption of funds. We should draw up the "Seventh 5-Year Plan" well, fix positive and reliable targets, pay attention to the overall balance, and promote the development of the economy as a whole. In sum, we must closely combine the "decision" of the CPC Central Committee with the specific situation of our region, strengthen leadership, adhere to the principles of seeking truth from facts and making progress at a stable pace, and resolutely prevent the situation of blindly accelerating the growth rate of production. We should intensify understanding of the overall situation, and overcome selfish departmentalism. We should adhere to the principle of gradually improving the people's living standard on the basis of developing production, and the principle of struggling arduously, and building up the country through thrift and hard work. We should also correct all unhealthy practices, overcome obstruction to the reform, and attend to the work in all fields in order to ensure the smooth development of the economic structure reform and to fulfill or overfulfill the 1985 economic development plan.

Now we have entered the second quarter of this year. This is key season for both the urban and rural areas, and thus we must attach importance to it. Success in the second quarter will lead to bright prospects in the third and fourth quarters, and success in this year will lead to still greater success in the next year and to new progress in the economic structure reform as a whole. Now is the season for the rural and pastoral areas to develop the spring sowing and shearing, and to deliver lambs. In this season, we should take into account the possibility of various natural disasters, and make full preparations ideologically and materially in order to provide against possible disasters. We should not be impatient for success in readjusting the rural industrial structure. We should make a proper appraisal of the current good situation in grain production, continually attend to the production, purchase, marketing, storage, and processing of grain, and, in the coming several years, strive to maintain the production level of 12 to 13 billion jin of grain annually. In this way, we can lay a solid foundation for our economic development, and accumulate reserves for developing various construction projects. Therefore, we should not one-sidedly regard the readjustment of the

industrial structure as the improper reduction of grain-growing acreage and grain production. On the contrary, we should develop various projects in a coordinated way on the premise of maintaining a sustained increase in grain production. It is a good thing to relax controls and allow free marketing of livestock in pastoral areas. In the past year, sales of livestock were relatively numerous, and they will be stabilized in 3 to 5 years. In relaxing policy restrictions and vitalizing pastoral areas, we should look ahead and behind, and take into account production development at the present and in the future. People's governments at all levels must strengthen administration over this work, and exercise necessary administrative intervention over the free marketing of breeding stock. We should pay special attention to economic development in the poverty-stricken areas and in the mountainous and old revolutionary base areas, continue to implement the document "Certain Regulations Concerning Helping the Poverty-Stricken Areas Overcome Their Backwardness as Quickly as Possible," which was issued by the regional CPC committee and the regional people's government, and adopt more flexible and preferential policies in these areas to enliven their commodity production, increase revenue, and make them become prosperous as quickly as possible. Correct guidance should be given to the peasants who have already become prosperous in order to encourage them to become better-off, to lead their neighbors to become prosperous in common, and to build their own localities and native places well.

To fulfill the tasks for this year, we must adhere to the principle of simultaneously building the socialist material and spiritual civilizations, continue to strengthen the ideological and political work in the new stage, and educate the vast number of cadres and the masses to guard against new unhealthy trends. We should also continually propagate the socialist spiritual civilization focusing on the communist idea.

Comrade Deng Xiaoping recently pointed out that it is necessary to educate the people of various nationalities to have ideals, morality, and education, and to abide by discipline. Among them ideals and discipline are particularly important. The highest standard in abiding by discipline is to truly safeguard and resolutely implement the policies of the party and the state, truly safeguard and enforce state law, and ensure the smooth progress of reform with ideals and discipline. We should carry out the "five-stress, four-beauty, and three-ardent-love" activities more thoroughly, and further strengthen the great unity between the army and the government, between the army and the people, and between the people of various nationalities. We should persistently develop the "two kinds of production" simultaneously, continuously do a good job in propaganda and education on family planning, and strictly check blind population growth. Cultural, press, publishing, radio and television broadcasting, and postal and telecommunications departments should make contributions to building socialist spiritual civilization. It is necessary to improve socialist democracy, perfect the socialist legal system, intensify propaganda on the legal system, and popularize legal knowledge. Following the in-depth development of the economic reform, we should accelerate economic legislation, learn to manage the economy with legal means, and give full play to the function of judicial departments in serving the economy.

We should deal resolute blows to economic and other criminal activities, strengthen the work to tackle public security problems comprehensively, safeguard social order, improve social conduct, and create good situation in production, work, and social order for the smooth progress of the economic reform. We should further strengthen army building and militia work, and achieve new results in safeguarding and building the frontier area.

Catering to the needs of the restructuring of the economic system, leading organs of governments at all levels should continuously improve administration, change their leadership style, improve work methods, streamline administration, delegate power to lower levels, raise work efficiency, render services instead of giving orders, raise the ideological and scientific level of the leadership work, enhance their sense of organizational discipline in performing the leadership work, serve the four modernizations still better, and serve the economic work and the grassroots units. Leading comrades at various levels, in particular, should often go down to grassroots units, conduct investigations and study, overcome bureaucracy, have the courage to explore and create the new in the course of practice, dare to change anything incompatible with the reform in terms of concepts, systems, and workstyle, have the ability to master new situations, to sum up new experiences, and to solve new problems, march in step and unswervingly carry out the economic reform under the unified leadership of the CPC Central Committee and the State Council, give meticulous guidance, be prudent in doing work, and be sure to win the first battle.

Fellow deputies, we are shouldering the great trust of the people of various nationalities throughout the region, and our tasks are glorious and yet arduous. In the present excellent situation in which reform in various fields is deepening in a healthy manner, let us resolutely implement the "decision" of the 3d Plenary Session of the 12th CPC Central Committee, the guidelines of the third session of the sixth NPC and the guidelines of the fourth regional CPC congress under the leadership of the CPC Central Committee, the State Council, and the regional CPC committee, uphold the four basic principles, further enforce the "Law on Regional National Autonomy of the PRC," strengthen the great unity between the army and the government, between the army and the people, and between the people of various nationalities, consolidate and develop the patriotic united front, mobilize the positive factors from all quarters, explore making advance with one heart and one mind, and strive to fulfill the work tasks for this year, to attain the goal of a 100-percent increase in 1987, and to build a united, prosperous, and civilized Nei Monggol!

CSO: 4006/613

30 May 1985

ECONOMIC PLANNING

BRIEFS

PROVINCIAL PLANNING SOCIETY--The founding and first annual meeting of the Guangdong Provincial Planning Society opened in Guangzhou this morning. Ren Zhongyi, first secretary of the Provincial CPC Committee; and Lin Ruo, secretary of the Provincial CPC Committee, wrote words to extend their congratulations. Liang Lingguang, provincial governor; and Yang Yingbin, member of the Provincial CPC Committee Standing Committee, attended the meeting and delivered speeches. The planning society is an academic mass organization which aims to organize and prompt its members in studying and exploring important theoretical and practical problems in the province's economic and social development in connection with Guangdong's reality so as to make contributions to promoting the province's economic development. [Text]
[Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 6 May 85]

CSO: 4006/613

AGGREGATE ECONOMIC DATA

TIANJIN COMMUNIQUE ON ECONOMIC, SOCIAL DEVELOPMENT

SK070835 Tianjin TIANJIN RIBAO in Chinese 25 Apr 85 pp 2-3

[Communique on 1984 National Economic and Social Development issued by the Tianjin Municipal Statistical Bureau on 24 April 1985]

[Text] In 1984, the people throughout the municipality, under the leadership of the municipal CPC Committee and government, further implemented the principle of readjusting, restructuring, consolidating, and improving the economy and the policy of enlivening the domestic economy and opening to the outside world. Inspired by the reform of the economic structure focusing on the cities, a good situation of prosperity emerged in the municipality's economic and social development.

Social production developed steadily in a coordinated manner. According to preliminary calculations, the annual gross national product reached 13.4 billion yuan, an 8.6-percent increase over the previous year. The national income was 11.7 billion yuan, an 8-percent increase over the previous year. The total industrial and agricultural output value came to 28.14 billion yuan (calculated at 1980 constant prices), an 11.6-percent increase over the previous year. Local revenue reached 3.993 billion yuan, 106.7 percent of the budgetary revenue and a 2.9-percent increase over the previous year.

On the basis of developed production, markets were brisk, foreign economic relations were expanded, new achievements were scored in urban construction, the people's living standards improved continuously, and new progress was made in building spiritual civilization. Major problems in national economic development continued to cause failure in suiting production structure and product mix to the changes in the pattern of market demands, shortages in the supply of power and some raw materials, and a too rapid growth of consumption funds.

1. Industry

In 1984, industrial production developed in a sustained, steady, and coordinated manner; readily marketable products increased by a large margin; and economic results improved.

The municipality's industrial output value reached 25.149 billion yuan, a 9.7-percent increase over the previous year (when added to the output value of the

industry run by villages (brigades) or the units under the village level, total figure would be 26.894 billion yuan, an 11-percent increase over 1983). Of the sum, the output value of state-owned industry increased by 8.2 percent, that of collectively owned industry grew by 14 percent, and that of industry of other kinds of ownership showed a 69.2-percent increase. The output value of industries run by villages (brigades) or units under the village level ~~was~~ 1.745 billion yuan, a 33-percent increase over the previous year.

The output of 75 of the 100 major industrial products met or topped their plan. The output of 67 of them showed an increase over 1983.

The output value of light industry reached 14.218 billion yuan in 1984, a 9.4-percent increase over 1983, of which, the food processing industry increased by 5.2 percent, the textile industry by 15.4 percent, the machinery industry for daily use by 10 percent, and the electronic industry for household use by 50.3 percent. Many enterprises in the light and textile industries readjusted their product mix in line with the changes in market demands, and increased the production of readily marketable and fine-quality brand name products. The increases in the output of some major durable consumer goods ranged from 11.2 to 120 percent. The quality of products improved, and their variety increasing continuously. Products meeting some 34,000 new specifications and patterns were produced successfully on a trial basis throughout the whole year, and some 18,000 were put into production.

The Output of Major Light Industrial Products

	1984	Percentage Increase Over 1983
Chemical fiber	52,200 tons	1.3 times
Yarn	116,700 tons	- 2.3
Clothing	449 million meters	- 4.1
of which: Polyester	226 million meters	25.7
Blend fabrics		
Woollen goods	10.81 million meters	20.1
Silk textiles	29.89 million meters	16.6
Knitting wool	4,884 tons	23.9
Bicycles	5,239,300	16.7
Sewing machines	937,800	11.9
Watches	3,722,200	5.9

Television sets	615,900	41.2
of which: Color sets	157,200	89.9
Radio sets	377,300	3.1
Cassette recorders	211,300	7.3
Cameras	84,200	51.9
Households washing machines	105,300	27.8
Detergents	41,200 tons	11.4
Machine-made paper and paper board	262,700 tons	14.0
Beer	37,500 tons	18.0
Cigarettes	430,500 boxes	5.0

The 1984 heavy industrial output value was 10.931 billion yuan, an increase of 10.2 percent over the previous year. Of this, the output value of the machine-building industry rose 18.4 percent, that of the electronics industry went up 46.2 percent, and that of building materials industry rose 9.7 percent.

The output of major heavy industrial products

	1984	Percentage increase Over 1983
Crude oil	3,208,100 tons	3.4
Natural gas	528 million cubic meters	-11.0
Electricity	7.957 billion kwh	2.9
Pig iron	702,700 tons	39.0
Steel	1,324,900 tons	- 1.0
Steel products	1,497,300 tons	- 1.7
Cement	905,200 tons	0.5
Plate glass	869,900 standard boxes	1.2 times
Soda ash	475,400 tons	3.0
Caustic soda	219,700 tons	3.3

Chemical fertilizers (convert [Zhe 2124] 100 percent)	76,600 tons	8.7
Chemical insecticides	26,600 tons	-26.3
Plastics	95,400 tons	15.9
Rubber tires	355,100	- 8.5
Machine tools	2,966	2.8
Vehicles	10,295	44.6
Tractors	8,200	6.5

Through the reform of the industrial economic structure, the enterprises' decision-making power has further been expanded. Among 751 state industrial enterprises with good conditions for carrying out the system of substituting taxes for profits delivery, 666 have carried out the second step of substituting taxes for profits delivery, amounting to 87.9 percent. Of 199 small state enterprises, 154 have carried out the method of "state ownership and collective management," accounting for 77.4 percent. Over 600 collective enterprises have changed from the system of the state assuming responsibility for their profits and losses to the system of assuming the responsibility themselves for their profits and losses.

Restructuring of the economy as well as enterprise consolidation, technical transformation, and technology import invigorated enterprises economically, promoted their technological progress, boosted the production initiative of the masses of staff members and workers, and improved economic results. The per capita productivity of state industrial enterprises of independent accounting was 21,586 yuan in 1984, showing a 10.1-percent increase over 1983. Compared with the previous year, 90.9 percent of the 99 quality norms of major products under the administration of the municipality showed steady improvement in 1984. Fifty-eight products of the municipality won the state's gold and silver prizes, the most in several years, and 371 products were named municipal quality products through assessment. Energy consumption for creating every 10,000 yuan of output value declined by 3.9 percent from the previous year. State industrial enterprises covered by the local budget increased their profits and sales taxes by 5.1 percent over the previous year, and the amount of deficits of money-losing enterprises declined by 67 percent. However, the cost of comparable products rose, turnover of circulating funds slowed down, and the upgrading and updating of products and the competitive edges of some industrial products in quality, variety, and price failed to meet the needs in market changes.

2. Agriculture

Conscientiously implementing the guidelines of the "CPC Central Committee's 1984 Circular on Rural Work" in 1984, rural areas of the municipality continued to develop economic reform in depth, constantly improved the

agricultural output-related contract responsibility system, extended land contract terms, and further aroused the peasants' initiative in production and management. The rural economy was gradually changed into a specialized, commercialized, and modern one, and households and associations specialized in commodity production developed rapidly. By the end of 1984, the number of specialized households had increased to 112,400 and that of associations to 5,857. Following the expansion of the diversified economy and the improvement of production efficiency, changes took place in the employment structure of rural laborers. People who left the land to engage in the industrial, commercial, building, and service industries increased substantially. Conditions for agricultural production continued to improve, and further exploitation and utilization of natural resources and wide application of agricultural science and technology promoted sustained development of agricultural production. After registering an 8.4-percent increase in the previous year, agricultural production once again showed a fairly great comprehensive increase.

The agricultural output value for the year was 2.991 billion yuan, a 30.7-percent increase over the previous year (deducting the output value of 1.245 billion yuan created by industry run by villages (brigades) and units under the village level, the increase was 27.7 percent). Of the agricultural output value, the crop-growing industry increased by 33.9 percent, forestry by 73.5 percent, animal husbandry by 33.9 percent, fisheries by 18.9 percent, and sideline production by 28.9 percent.

Crop structure was readjusted gradually, and the areas sown for cash crops increased. The output of major farm products was as follows: Grain had a bumper harvest, and cotton, oil-seeds and vegetables set new records.

The output of major farm products:

	1984	Percentage Increase Over 1983
Grain	2.626 billion jin	18.4
Cotton	65.83 million jin	1.9 times
Oil-bearing crops	110.37 million jin	78.7
Vegetables	2.955 billion jin	15.4

The peasants were aroused with enthusiasm to develop barren hills and engage in afforestation on a contract basis thanks to the continuous implementation of the forestry production responsibility system. Thus, the forestry production was rapidly developed. In all, 52,700 mu were afforested across the municipality, an increase of 27.3 percent. Sapling growing areas reached 39,700 mu, an increase of 100 percent. A total of 75,67 million trees were planted around houses and along rivers, roads, and ditches, showing slight increases over the previous year.

Livestock and poultry farming continuously developed. The numbers of large animals and hogs in stock at year end showed increases. The output of pork, beef, mutton, and milk and the numbers of poultry and animals substantially increased.

The output of major animal by-products, poultry, and eggs and the numbers of livestock:

	1984	Percentage Increase Over 1983
Output of pork, beef and Mutton	118.45 million jin	17.0
Pork	109.45 million jin	12.2
Beef and mutton	9 million jin	1.46 times
Milk	77.92 million jin	15.5
Number of poultry	4,207,100	43.2
Eggs	138.59 million jin	61.2
The number of large animals in stock at year end	138.59 million jin	9.8
Hogs at year end	715,000	6.4

The output of aquatic products in 1984 was 44,500 tons, an increase of 8.3 percent over the previous year. Of which, the output of freshwater products was 13,000 tons, an increase of 54.8 percent; and that of marine products was 31,500 tons, a drop of 3.7 percent.

The peasants were further aroused with enthusiasm in improving their production conditions thanks to the central authority's regulation on the land contracts which remained unchanged for 15 years. At the end of 1984, the total power capacity of farm machines reached 4.227 million horsepower, an increase of 12.4 percent over the end of 1983. The number of small-sized and walking tractors was 9,137, an increase of 16.3 percent. The number of trucks for agricultural use was 9,077, an increase of 20.4 percent. The capacity of irrigation and drainage equipment reached 1.517 million horsepower, an increase of 7.5 percent. A total of 255,600 tons of chemical fertilizers were applied during the year, an increase of 7.5 percent. The total consumption of electricity in rural areas was 970 million kwh, an increase of 18.3 percent.

So far, the development of our municipality's agricultural production is a little imbalanced. The agricultural structure is not reasonable. Our livestock and fishery production is still weak.

3. Investments in Fixed Assets and Building Trade

New progress had been made in the post earthquake reconstruction, capital construction, and technological transformation in 1984. The total investment in fixed assets of the municipality was 4.089 billion yuan, an increase of 670 million yuan or 19.6 percent over the previous year. Of this, the investment in fixed assets of state-owned units was 300 million yuan. A total of 5.68 million square meters of houses were built, of which 3.23 million square meters were residences.

The total investment in fixed assets of state-owned units came to 2.2 billion yuan, an increase of 0.7 percent over the previous year. Of the sum, investment covered by the state budget was 1.276 billion yuan, 8.5 percent less than in 1983, investment from domestic loans was 65 million yuan, 26.9 percent more than in 1983; investment from foreign capital as 16 million yuan, 48.6 percent more than in 1983; and investment through funds raised by localities was 609 million yuan, 24.6 percent more than in 1983.

As divided according to the purpose of construction, investment in productive construction amounted to 1.093 billion yuan, a decline of 5.6 percent from the previous year, and which accounts for 49.7 percent of the total investment as against 53 percent in 1983; and investment in nonproductive construction was 1.107 billion yuan, an increase of 7.8 percent over the previous year, and which accounts for 50.3 percent of the total investment as against 47 percent in 1983. Of the investment in nonproductive construction, 579 million yuan was used for the housing construction, which was a little less than in 1983.

Construction of key projects was further stressed. Of the total investment, 238 million yuan was used in the energy industry, a 6.8-percent increase over 1983, investment in transportation facilities and post and telecommunications was 179 million yuan, an 11.8-percent increase over 1983; and that in education and scientific research was 167 million yuan, a 36.7-percent increase. Investment in the 25 large and medium-sized capital construction projects covered by the state plan came to 672 million yuan, 100.8 percent of the plan. Large and medium-sized construction projects helped the No 3 semiconductor component part plant add a capacity of 10 million high-tension silicon pile [gao ya gui dui 7559 1090 8944 1018], helped the north line water supply project of the Luan He water diversion project add a flow capacity of 20 cubic meters per second, helped the Harbor Hospital add 500 sickbeds, and helped the Tianjin Iron Plant add a coke production capacity of 230,000 tons.

New achievements were scored in technical transformation. In 1984, the municipality invested 1.24 billion yuan in projects involving renewal of equipment and other technical transformation measures, which registered a 36-percent increase over 1983. Investment in projects involving other measures was 376 million yuan, a 98.8-percent increase over 1983. Of the 44 projects involving renewal of equipment, technical transformation measures, expansion and renovation, which were listed as municipal key projects, 28 were completed or basically completed. Of the investment in renewing equipment and other technical transformation of state-owned units, 467 million yuan was used in increasing production and conserving energy, representing a 63.8-percent increase over 1983, 111 million yuan was used in transportation facilities and

post and telecommunications, a 110-percent increase over 1983; 286 million yuan was used in increasing the production of daily consumer goods, a 56.6-percent increase over 1983; and 75 million yuan was used in improving product quality, a 67.5 percent increase over 1983. Major newly added production capacities were 350,000 tons of crude oil exploitation, 73,500 tons of steel smelting, 4,000 tons of aluminum molded materials [lu xing cai 6986 0992 2624], 50,000 seats [tao 1152] of outer tires, 12,000 woolen textile spindles, 150,000 pairs of shoes, 185,000 television sets, 100,000 bicycles, 225,000 sewing machines, and 300,000 watches.

Initial results were achieved in applying the investment contract and the open bidding systems in the construction industry. The various forms of investment contract responsibility system were applied in 9 large and medium-sized construction projects this year, accounting for 34.6 percent of the total large and medium-sized projects. Construction projects undertaken by units through open bidding totaled 118, covering 270,000 square meters of floor space. Construction period of the projects undertaken by such units was generally shortened by 30 percent, their cost was 5 to 10 percent lower, and construction quality was improved. As far as the distribution system is concerned, 70 percent of the building installation enterprises instituted the contract system of fixing the amount of wages for every 100 yuan's worth of finished work. This yielded fairly good economic results in improving efficiency and shortening the construction period.

In 1984, the total output value of construction enterprises was 2.034 billion yuan, an increase of 41.5 percent over the previous year. The per capita labor productivity reached 8,896 yuan, an increase of 26.5 percent. In all, 76.8 percent of the projects were of good construction quality. The annual per capital construction area was 20.3 square meters, setting a record.

Some capital construction projects were not completed on schedule as the capital construction front was rather extensive. We still need to pay high attention to raising the quality of construction.

4. Communications, Transportation, Post and Telecommunications

In 1984, the volume of goods transported increased over the previous year. The total volume of railway freight within areas under the jurisdiction of Tianjin Municipality was 20.63 million tons, an increase of 8.0 percent. The volume of road freight was 80.94 million tons, an increase of 6.9 percent. The volume of inland waterway cargo was 1.34 million tons, an increase of 13.6 percent, and that of oceangoing cargo was 6.65 million tons, an increase of 25 percent. The volume of air freight was 1,849 tons, an increase of 30 percent. After carrying out a system of localities playing a leading role in management and operation, Tianjin Harbor has quickened its pace of reform and its production development and economic results improved. The average berthing period for ships in Tianjin Harbor was shortened by 1 day. The energy consumption for loading and unloading each 10,000 tons of goods was 17.2 tons, a drop of 7.6 percent. The total annual loading and unloading volume was 16.208 million tons, an increase of 7 percent and a record.

The gross volume of passenger transportation increased. Of this, the volume of railway passenger transportation was 11.037 billion person-kilometers, an increase of 17.6 percent.

Great progress was made in post and telecommunications. The total business volume of post and telecommunications was 44.78 million yuan, an increase of 15.1 percent over the previous year. Of this, the number of letters handled increased by 8.8 percent, newspaper and magazine distribution went up 25.2 percent, and long-distance telephone calls increased by 32.4 percent. The year-end number of telephone subscribers in urban areas increased by 13.2 percent over the same 1983 period.

So far, the development of communications, transportation, post and telecommunications still fails to meet the demands of industrial and agricultural production. The strained situation in railway passenger transportation is especially more and more serious.

5. Domestic Trade

Commodity circulation was further expanded, the materials exchange between urban and rural areas was enlivened, and both purchasing and marketing volumes increased. The total value of commodities purchased by state-owned commercial departments and supply and marketing cooperatives reached 7.87 billion yuan, an increase of 6.0 percent. Of this, the total value of agricultural and sideline products purchased was 590 million yuan, an increase of 10 percent. The total purchasing volume of industrial products reached 6.833 billion yuan, an increase of 5.8 percent. The total value of commodities purchased from outside the municipality was 4.399 billion yuan, an increase of 7.8 percent over the beginning of the year.

The market in the municipality was brisk, commodity supply increased substantially, the varieties of commodities ceaselessly increased, and social purchasing power improved remarkably. The total volume of retail sales of commodities reached 5.662 billion yuan, an increase of 17.5 percent over the previous year. The municipality had not had such substantial increase in many years. Of this, means of agricultural production increased by 25.1 percent and the retail sales of consumer goods increased by 16.9 percent. Of the retail sales of consumer goods, the retail sales of edible commodities, commodities for daily use, and fuel, respectively, increased by 17.8 percent, 24.8 percent, and 15.2 percent. The retail sales of clothes basically remained the same. The volume of retail sales of major consumer goods increased over the previous year.

	1984	Percentage Increase Over 1983
Grain	2.556 billion jin	16.9
Edible vegetable oil	104.07 million jin	8.7
Pork	122,400 tons	7.7

Beef	5,286 tons	67.2
Poultry	7.136 million head	6.6
Egg	129.6 million jin	35.6
Woolen garment	1.61 million pieces	6.6
Knitting wool	1,303,700 kg	31.8
Woolen piece goods	7.184 million meters	- 3.8
Watches	552,900	18.5
Bicycles	726,200	13.2
Television Sets	170,900	22.4
Electric Fans	207,500	44.5
Recorders	134,900	34.1
Cameras	21,291	18.9
Washing machines	95,100	130
Refrigerators	15,380	420

Reform of the commercial system brought about diversified forms of economy and management and circulation channels in commodity circulation. Retail commercial and catering units of various economic sectors showed fairly great development, and collective- and individual-run commercial units developed even more rapidly. Among the total volume of commodity retail sales, the retail sales volume of the state-owned units and supply and marketing cooperative increased by 14.8 percent over 1983; that of collective units by 25.7 percent; that of individual units by 46.9 percent; and retail sales by peasants to non-agricultural residents by 18.4 percent.

In 1984, small retail units of state commercial departments implemented various forms of reforms through which they became units "owned by the state but operated by the collective." According to incomplete statistics, some 600 confectionary and nonstaple food stores enforced the operational contract system and the system of issuing bonuses according to profits. More than 500 grain stores were turned from being pure managerial ones into business stores, thus expanding sales and improving business quality. Some small retail units also experimented with the leasing system. Progress was also achieved in the reform of wholesale organs, and the system of having first-, second- and third-level wholesale centers was initially abolished. By year, commercial departments had set up 18 trade centers and wholesale markets.

Urban and rural trade fairs were brisk. In 1984, the transaction of the urban and rural trade fairs reached 2.24 billion yuan, a 23.4-percent increase over 1983. Of which, the transactions of meat, poultry, eggs, aquatic products, vegetables, and dried and fresh fruits increased by 25.4 percent.

Market prices remained basically stable, and the prices of some commodities saw increases. The prices of some commodities rose due to the influence of the relationship between supply and demand when the scope of commodities purchased and brought through negotiated prices was enlarged and the control over the prices of live and fresh commodities was gradually relaxed. The prices of fresh fruits and aquatic products saw fairly great increases, and the prices of grain, oil, and meat, which were supplied according to plans, and those of educational and recreational articles remained basically the same as the previous year. The price index for the cost of living of workers and staff in the year rose by 1.8 percent over the previous year. Of which, that for services went up by 2.3 percent.

At present, commercial business is still not compatible with the needs in developed production and the people's increased purchasing power. Commodity exchanges between urban and rural areas were not smooth enough, and peasants would often encounter difficulties in buying and selling. There was still a shortage in the supply of some high-grade durable consumer goods, and the methods of business also failed to fully meet the needs in the purchases of consumers.

Foreign Trade and Tourism

New progress was made in opening to the outside world in 1984. In particular, since the CPC Central Committee and the State Council decided to further open the 14 coastal cities to the outside world, the scale of technological import and the use of foreign funds have been further expanded and the construction of the economic and technological development zone has been accelerated. The municipality agreed to 281 contracts on technological import, altogether worth \$271 million. The municipality signed 78 contracts on using foreign funds and used \$165 million over the course of the whole year, 80 percent more than the total figure of the previous year. Of this, 51 joint invested projects were signed by using \$110 million worth of foreign funds, 2 cooperative projects were signed by using \$80 million worth of foreign funds; and 18 items of international credits were signed by using \$8.13 million worth of foreign funds. Among the joint invested projects, 6 opened for business and went into production this year. Together with those put into production last year, construction was completed on 13 joint invested projects.

Fair progress was made in basic construction of the economic and technological development zone. Simultaneously, trade talks were quickened. At the end of last year, the municipality had discussed 38 projects for joint and independent investments with foreign traders.

In 1984, the Foreign Trade Department overfulfilled the export plan. The total value of commodities exported by the Foreign Trade Department was 2.453

billion yuan, fulfilling the annual plan by 106.2 percent and showing a decrease of 16.5 percent from the previous year. The total value of commodities produced by other places and exported by Tianjin was 1.030 billion yuan, a drop of 46 percent, as a result of changes in the vision of port labor. The total value of exports from Tianjin Harbor was 1.234 billion yuan, fulfilling the annual plan by 117 percent and showing a decrease of 13.6 percent.

Continuous progress was made in tourism in 1984. A total of 49,900 people, including foreigners, overseas Chinese and Hong Kong and Macao compatriots, came to Tianjin in 1984 on tours and visits and on trade, scientific, and cultural exchanges.

7. Urban and Rural People's Livelihood

The 20 great projects for improving the livelihood of urban and rural people decided by the municipal government were completely finished. The municipality overfulfilled the task to build 3 million square meters of new residences. The subway, the Dongfeng Bridge, and the Xinhong Bridge have formally opened to traffic. A total of 800 new public telephones were installed and the number of public telephones in urban areas increased by 100 percent. The Jizhuangzi sewage treatment plant with a daily capacity of treating 260,000 tons of sewage was constructed. The project to divert Luan He Water to Tanggu District was finished. In order to make urban areas green and beautiful, 26 flower gardens and green grounds were built, 11.2 kilometers of waterway were dredged and developed, and 4,350 meters of pipeline were laid. In order to solve the problems of staff and workers having to walk a long distance to go to work, over 50,000 staff and worker families exchanged houses and over 30,000 staff members and workers readjusted their working units. In order to expand leisure time education for staff and workers, 17 television channels were added. The proportion of rural households provided with tap-water rose from 28 percent in the previous year to 51 percent. In all, 255 kilometers of road were built in rural areas. Remarkable improvements were made in rural primary and middle school teaching facilities. A total of 430,000 square meters of new schoolhouses were constructed and reconstructed, and 130,000 sets of new desks and chairs were added and repaired. Over 3,200 methane-generating pits were built in rural areas. Forty-four model villages of residence construction were built. A number of new barber's shops, bathrooms, nurseries, and homes for aged people were built in rural areas. Great changes took place in the appearance of some villages and towns.

At the end of 1984, the number of staff members and workers in the municipality reached 2,736,900, an increase of 54,600 over the previous year. Of this, the number of staff members and workers in state-owned units reached 2,012,900, basically equal to that of last year. The number of staff members and workers in urban collective-owned units reached 714,200, an increase of 44,600 over the previous year. Jobs were arranged for 45,500 job-awaiting youths over the course of the whole year.

The total wages of the municipality's staff and workers amounted to 2.898 billion yuan in 1984, an increase of 26.6 percent over the previous year. Of

the sum, the wages of the staff and workers of state units amounted to 2.248 billion yuan, a 23.5-percent increase; and those of urban collective units amounted to 644 million yuan, a 37.1-percent increase. Labor protection welfare for staff and workers continued to improve. Labor protection welfare funds of the year reached 745 million yuan, a 21.7-percent increase over 1983. Because some units wantonly issued subsidies and bonuses in money and in kind to a serious extent, the growth of consumption funds was larger than that of production, and the supply of some commodities fell short of demand.

According to a sample survey of the incomes and expenditures of the families of staff and workers and peasants, the average annual per capita income for expenses of staff and worker households was 671 yuan, an increase of 21.4 percent over the previous year (deducting the rise in commodity prices, the real increase was 19.3 percent). The average annual per capita net income of peasants families was 505 yuan, a 22.6-percent increase over the previous year. The actual living standard of urban and rural people improved remarkably, and they acquired more and more durable consumer goods. For every 100 staff and worker families, there were 31.6 washing machines, 89.4 television sets (of which 5.9 were color television sets), and 3.4 refrigerators, increasing by 33.9, 5.5, and 200 percent, respectively, over the previous year. Consumption by peasant families began to catch up with that of urban families, and the increase of high-quality consumer goods was even greater. For every 100 peasant families, there were 184 bicycles, 88 wrist watches, 46 television sets, and 27 electric fans, increasing over the previous year by 8.9, 11.2, 35.3, and 80 percent, respectively. While the consumption level was raised, the people's savings rose continuously. Urban and rural people's savings deposits reached 2.218 billion yuan by the end of 1984, 552 million yuan, or 33.1 percent, more than the figure calculated at the end of 1983. Savings deposits of urban people increased by 33.2 percent and those of peasants increased by 32.3 percent.

Following the economic development, social welfare continued to strengthen. By the end of 1984, there were 11 social welfare institutes and children's welfare institutes in cities and towns, providing for 1,018 people. Rural collectives provided for 30,800 elderly, disabled, widowed, and orphaned people who had nobody to support them. They also set up 216 homes for the aged to house 2,050 people, increasing by 6.9 and 57.9 percent, respectively, over the previous year.

8. Urban Public Facilities

New development was achieved in urban public facilities in 1984. By the end of the year, there were 954 km of paved roads, increasing by 2.8 percent over the previous year, with new roads totaling 36.6 km. More vehicles were used for public transportation services, and more routes opened. The actual number of buses used for public transportation totaled 1,695, covering 127 routes totaling 2,153 km, and transported 830.94 million people. The number of taxis used for public transportation was 434, running a total of 11.05 million km for the whole year. Power consumption for household use in urban areas increased by 31.1 percent over the previous year, sales of liquefied petroleum gas showed a 3.2-percent increase, and urban natural gas sales

increased by 6.1 percent. Tap water pipes totaled 2,447 km in length, registering a 6.1-percent increase over the previous year. Sewer pipes totaled 1,492 km in length, a 7-percent increase over 1983, with 110 km of new pipes.

There was also fairly great progress in improving the urban environment and sanitation, and in greening and beautifying the city. Urban parks, gardens, and green areas totaled 657 hectares, 91 hectares, or 16.2 percent, more than in the previous year.

Major problems in urban public facilities were frequent traffic jams on some roads and intersections resulting from narrow roads and traffic snarls, imperfect drainage facilities, and poor environment and sanitation.

9. Science and Technology, Education, Culture, Public Health, and Sports

Scientific and technological level was improved to a new level. In 1984, 995 scientific and technological research achievements were appraised. Of which, seven won the state's invention award. They included a series of disease-resistant cucumber strains--Jinyan No 1 to No 7--Zhua bin qi [2119 {numbers indistinct} 0892], and tube catchment synclastic flow sedimentation tank [guan shi ji shui tong Xiang liu chen dian chi 4619 1709 7162 3055 0681 0686 3177 3089 3434 3069].

Industrial departments succeeded in developing 2,227 new products and put 1,406 into production in the same year. A number of scientific and technological research achievements were applied to production, thus promoting industrial and agricultural production.

In the educational field, readjustment and reform were expedited and new progress was made. In 1984, there were 1,186,300 students at various schools, 11,600 students more than in 1983. Various forms and measures were adopted to develop higher education, teaching quality continued to improve, and the number of students increased. In 1984, there were 2,043 postgraduate students, 726 more than in 1983, and 39,600 students at ordinary schools of higher learning, 5,600 students, or 16.5 percent, more than in 1983.

Structure of secondary education improved remarkably, various kinds of specialized technical schools developed rapidly, and teaching quality improved to a certain extent. Students of secondary specialized schools totaled 20,700, 29.4 percent more than in 1983. Their proportion in the students of all secondary schools increased from 3.8 percent in 1983 to 5.1 percent. Students in skilled workers schools totaled 16,800, 17.5 percent more than in 1983. Their proportion increased from 2.4 percent in the previous year to 4.1 percent. Middle schools for staff and workers had 10,500 students, 56.7 percent more than in 1983. Their proportion increased from 1.6 percent in 1983 to 2.6 percent. Agricultural middle schools had 6,900 students, 35.3-percent increase over the previous year, and their proportion increased from 1.2 percent in 1983 to 1.7 percent. Students of ordinary middle schools totaled 352,900, 6 percent less than in 1983, and their proportion declined from 90 percent in 1983 to 86.5 percent.

Primary schools had 736,900 students, a 2.1-percent increase over the previous year. School enrollment rate of the municipality's school-age children reached 99.4 percent, 0.4 percent higher than in 1983.

Preschool education also developed. There were 212,000 children attending kindergartens, increasing by 27 percent over 1983.

Adult education, sparetime education, and the education for the blind and the deaf-mutes also developed.

Cultural, press, radio and television broadcasting, and publication fields achieved new results in building the socialist spiritual civilization. In 1984, 1,077 feature films were released, of which, 667 were domestic films. A total of 280,000 film shows were presented, and 8,247 performances were staged by various art troupes. A total of 290,81 million books and pictures, 356.23 million newspapers, and 101.27 million magazines of 1,312 kinds were published. We produced 5,546 TV programs in the year.

Public health work continued to improve and the people's health improved. In 1984, there were 3,592 medical and health organs at various levels throughout the municipality. Sickbeds increased by 5.2 percent to 25,611, of which, 23,906 were in hospitals, an increase of 5.5 percent over 1983. The number of sickbeds per 1,000 people increased from 2.9 of the previous year to 3. In addition, 13,000 home-based sickbeds were set up. Professional health workers totaled 59,405, 760 more than the year-end figure of 1983. Among them, 25,517 were doctors, an increase of 484. The number of doctors per 1,000 people increased from 3.19 in 1983 to 3.21. Management of hospitals was strengthened. Patriotic public health campaigns and disease prevention were further developed.

Sports made further headway. By the end of 1984, the municipality had 3,160 arenas for sports events, of which, 134 were affiliated with the physical [words indistinct] committee.

Our municipality's athletes once again won new successes in 1984. They broke and surpassed 26 municipal records. Mass sports activities were carried out extensively.

10. Population, Family Planning

By the end of 1984, there was a permanent population of 7,955,200, an increase of 102,400 over the previous year. The population of the districts under the jurisdiction of the municipality was 5,278,400 (the population of the six urban districts was 3,245,700), and the population in the counties under the jurisdiction of the municipality was 2,676,800.

Fairly good results were achieved in family planning. In 1984, 123,900 people were born in the municipality. The birth rate declined from 17.16 percent in 1983 to 15.69 percent, and natural growth from 11.75 percent to 10.25 percent. The municipality's family planning rate reached 98 percent.

AGGREGATE ECONOMIC DATA

BRIEFS

HEILONGJIANG PEASANTS' HOUSING CONDITIONS IMPROVED--The relevant provincial departments recently made a sample survey on the housing situation of 2,007 peasant households. The situation expounded: Over the past 1 year, further improvements have been made in our peasants' housing conditions. Last year, the average usable rooms of each peasant household were 2.83, covering a floor space of 62 square meters. The per capita housing area reached 11.42 square meters, an increase of 12.7 percent over the previous year. The results of the sample survey also expounded: Along with the ceaseless improvements in our peasants' living standards, the peasants have turned their stress in housing to decorated [word indistinct] and cosy houses and strong structures. [Excerpt] [Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 9 May 85 SK]

CSO: 4006/612

ECONOMIC MANAGEMENT

SICHUAN'S YANG RUDAI ON BUILDING ECONOMY IN MOUNTAINOUS AREAS

HK100925 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 10 May 85

[Text] On the afternoon of 7 May, at a group discussion meeting, Yang Rudai said: It is necessary to take effective measures to speed up the building of the economy in mountainous areas. To develop the economy in the mountainous areas, it is essential to lay stress on the solution of three problems:

1) communications, 2) capital, 3) qualified personnel.

After communications develops, timber, livestock, and mineral, agricultural, sideline and special local products can be transported out and the advantages of resources can then be turned into the advantages of commodities. The mountainous areas must vigorously develop forestry and must implement the principle of regarding the planting of forests as the foundation, linking lumbering with transport, and making good use of timber. Moreover, it is imperative to pay attention to vigorously developing animal husbandry.

At present, there is insufficient capital for building the mountainous areas. We must implement the open-door and preferential policies and engage in joint exploitation and compensation trade. By doing so we can absorb and accumulate capital. In running enterprises, we must not go in for grandiose projects and must sort out the projects which should be built, and must build them in order of importance and urgency. We must first build those projects for which investments are small and construction periods are short and which can produce rapid desired results. We must gradually accumulate capital and then we shall build some large projects to ensure that we can steadily advance.

The key to the development of the economy in the mountainous areas lies in qualified personnel. We must first have qualified personnel. We must give full play to the role of the qualified personnel we now have. Second, we must employ some qualified persons who are urgently needed from other places. We must also vigorously develop education, train local qualified persons, and ensure that we can show concern for the trust intellectuals politically, can boldly employ them in work, and can help them resolve some specific difficulties in livelihood so as to fully arouse their enthusiasm.

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ECONOMIC MANAGEMENT

ARTICLE ON SICHUAN'S VITALIZATION, DEVELOPMENT

HK070900 Beijing RENMIN RIBAO in Chinese 4 May 85 p 2

[Article by reporters Gao Xinqing [7559 2450 1987] and Luo Maocheng [5012 5399 1004]: "Hopes of Invigorating Sichuan"]

[Text] Sichuan readjusted its provincial CPC committee and government leading bodies 2 years ago, with some of the veteran comrades in main posts retreating from the forefront and a number of comparatively younger fine cadres selected to replace them. At that time, some comrades had this question in their minds: Would the new leaders be capable of shouldering the heavy burden of leading a big province like Sichuan which has such a large population, so vast a territory, and such arduous tasks?

What are the practicable results? "Two big strides have been made over the past 2 years," people told us optimistically.

According to the State Statistics Bureau, Sichuan's average per capita gross industrial and agricultural output was 664 yuan in 1984, rising to the 22d place in the country from 1982's 24th place. The gross industrial and agricultural output value grew by 12.5 percent from 1983. The output of grain broke through 80 billion jin for the first time in history, and economic crops increased in an all-round way. In regard to gross industrial output value, enterprises in towns and townships grew steadily, and 1984 was the year in which the largest volume of high-quality goods was produced and the economic results raised the most quickly of recent years. Financial revenues grew by around 14.5 percent. The volume of social retail business grew by 16.2 percent. The trend of economic development of the whole province was also fine in the first quarter of the year.

Today, people at all levels hold the following view: Comrade Zhao Ziyang laid a good foundation when he was in charge of Sichuan. Comrade Tan Qilong and the previous leading body of the provincial CPC committee did their job in a down-to-earth manner in many fields. Over the past 2 years, the replacement of cadres and cooperation between new and veteran cadres have been realized comparatively well. Veteran comrades in particular have retreated from the leading posts on their own and taken an active part in supporting younger cadres to shoulder the heavy burden without interfering with the latter's work. Thus, the excellent situation has been consolidated and developed.

During their inspection of Sichuan, the leading comrades of the CPC Central Committee and the State Council fully affirmed Sichuan's new leading bodies and their work over the past few years.

What are the characteristics of the new leading bodies?

One characteristic is their explicit guiding ideas. Sichuan is a big province with a large population and an area of 570,000 square kilometers. However, its average per capita gross industrial and agricultural output value and average per capita consumption level are comparatively low. Based on Sichuan's actual situation they have proposed that it is necessary to be brave in blazing new trails, to do work in a down-to-earth manner, and to concentrate efforts on "enriching the people" and "elevating Sichuan's place" in the whole country in regard to its average per capita industrial and agricultural output value, in order to fulfill the general goal and tasks formulated by the party's 12th National Congress. All departments and fields must conduct their work by concentrating on the four modernizations. With regard to this major point, the new leading bodies share common views, are working together with one heart, and are cooperating with each other. This is the key to the successes scored over the past 2 years. The new leading bodies have stressed that "enriching the people" and invigorating Sichuan's economy should supplement each other, that "leftist" influences must be eliminated, and that they should be bold at decontrolling and enlivening the economy and doing away with all old rules and regulations that hinder the development of the productive forces.

Another characteristic is that the leading bodies have the whole situation in mind and give appropriate guidance. When Comrade Ziyang was in Sichuan, he attached great attention to the study of the macroeconomy. However, he did not neglect specific questions. The new leading bodies have paid great attention to learning from this, and have strengthened in a down-to-earth way investigations and research into strategic questions concerning the whole province. The Sichuan Provincial CPC Committee and Government have on several occasions discussed the strategic questions concerning the province's economic development, and have solicited the opinions and proposals of specialists, scholars, and comrades engaged in practical work. According to Governor Yang Xizong, a poor job would be done in managing a province's economy if work was done "with only the moment's needs in mind." The leading comrades of the central authorities have proposed to gradually develop the southwest and to build it into a modernized base area which is capable of independent existence as well as construction of the whole country. It will include four aspects: a powerful base of energy resources, a heavy industrial base with complete varieties of comparatively high quality, a light industrial base which is capable of meeting the needs of the people's livelihood in the province with local characteristics, and a powerful base of forestry and animal husbandry with a fully self-sufficient supply of grain. To accomplish the building of these few bases is Sichuan's long-term goal. Based on initial information, the Sichuan Provincial CPC Committee and Government hold that in order to realize this magnificent goal, it is necessary to lay a good foundation (developing agriculture) in the near future, to bring into play the two

advantages (the exploitation of natural resources and the readjustment and transformation of enterprises of the third line, and to strengthen the three weak links (transport, energy resources, and raw materials; intelligence resources and science and technology; and opening to the outside world). A breakthrough in these respects will not only ensure the continuous and steady growth of industrial and agricultural production in the near future, but will provide greater reserve strength for Sichuan's economic development in the next decade and more. A responsible comrade in charge of planning said that the government of this session should not only do a good job at present, but should also do a good job in preparing for the future, making good arrangements for strategic issues, leaving no problems behind, and refraining from causing difficulties for our successors.

Based on Sichuan's actual conditions, Comrade Zhao Ziyang has said: Suit measures to local conditions, give appropriate guidance, promote the advantages, and steer clear of disadvantages. Based on natural divisions and the economic structure, the new leading bodies have divided the whole province into four categories in order to give appropriate guidance. These are: the Chengdu plain and the suburban areas of cities; the basins of mountainous areas; the minority nationality areas and highlands; and the hilly country. In 1984, the chief responsible comrades of the provincial CPC committee and government each led a team to conduct investigations and research and to solve problems on the spot, heading east and west respectively to the most difficult areas of the province, the broad mountainous area, and minority nationality areas. The chief responsible comrade of the provincial CPC committee led comrades of departments concerned to make deep and careful investigations and research in eastern Sichuan, and then called a forum, which later summarized the results. The summary has made explicit the guiding idea of developing the mountainous areas in eastern Sichuan and proposed readjusting the agricultural product mix by a large margin and showing respect to the independent decisionmaking rights of the peasants. Specific measures were implemented promptly with regard to stopping farming to plant grass and stopping farming to restore forestry on some mountain slopes, and a series of special policies were relaxed and drawn up to develop the economy in mountainous areas. The chief responsible comrade of the provincial government led a team of 20 members to conduct investigations and research and to set up office on the spot in Aba Zang Autonomous Prefecture, Garze Zang Autonomous Prefecture, and Yaan Prefecture. In 1984, both the eastern Sichuan area and minority nationality economy made progress with big strides. This year, the provincial CPC committee has focused their efforts on grasping hilly country.

Another leading body characteristic is to be bold at reform, conduct explorations in multiple ways, and make steadfast progress. Back in 1978, the Sichuan Provincial CPC Committee began to grasp experiment on the comprehensive agricultural reform in the three counties of Guanghan, Xindu, and Qionglai. When the agricultural reform took off, they began to consider how cities should refer to the experiences of the rural areas, and grasped the experiment on expanding enterprise power in enterprises such as the Sichuan chemical works, Chengdu seamless steel pipe works, and Ningjiang machine-building factory. They started from expanding the independent decisionmaking

power of the enterprises and gradually pushed ahead reform in the economic managerial system. Since the formation of the new leading bodies, they have persisted in the reform. Now the experiment on comprehensive reform in the rural areas has extended to 35 counties. The party Central Committee and State Council gave consent to Chongqing to conduct experiments on the reform of the economic structure in 1983, in order to probe a new path for the urban managerial system. Under the personal guidance of the leading comrades of the central authorities, important breakthroughs have been made. In April 1984, the Sichuan Provincial CPC Committee decided that with the exception of drawing up an independent plan and being given economic managerial power at the provincial level, all cities in the province were to spread the experiences of Chongqing's reform experiment, and 46 proposals were made on reform.

During their interviews, reporters have heard on several occasions the responsible comrades of the provincial CPC committee and government talk about the shortcomings and things desired from their work; for example, a stronger sense of blazing new trails, a comparatively later beginning of opening to the outside world, extreme imbalance in development, weak links, and restrictions in energy resources and transport. In short, facing the excellent situation, they have maintained a sober mind, they are optimistic but not blind to disadvantages, and they are self-confident but not conceited.

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ECONOMIC MANAGEMENT

ZHEJIANG'S SHEN ZULUN ON BOOSTING SERVICE TRADES

OW130647 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 7 May 85

[Excerpts] The focal point of the current work in continuously implementing the party Central Committee's No 1 Document and adjusting the rural production structure is to promote service trades and develop tertiary industry, said Shen Zulun, member of the Standing Committee of the Zhejiang Provincial CPC Committee and vice governor of the province. He was speaking at a 6 May forum of responsible comrades of various cities and prefectures in charge of agriculture.

Comrade Shen Zulun said: The current situation in rural reform is excellent. Initial success has been achieved in adjusting the rural production structure since the implementation of the party Central Committee's Document No 1 of this year by revoking state monopoly in the purchase of agricultural products and lifting control over produce prices. The orientation is correct and we must swerve from it.

Presently, vigorous efforts are needed to develop service trade enterprises run collectively by the masses, by individual peasants, or by peasants households and to establish peddler contingents and various professional associations, including service trade associations in processing, storing, transport, construction, and marketing. Food grain, timber, fishery, and mountain products stores should also be included. All these constitute a social service force that cannot be underestimated or ignored.

The forum was sponsored by the provincial people's government and attended by responsible comrades of various cities and prefectures in charge of agriculture and responsible persons of provincial departments and bureaus concerned.

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ECONOMIC MANAGEMENT

FUJIAN MEETING DISCUSSES ECONOMIC RESTRUCTURING

OW130645 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 8 May 85

[Text] Recently the provincial commission for restructuring the economic system held a discussion meeting in Zhangzhou on structural reform in prefectures and cities.

The meeting called for placing emphasis on eight fields of work in restructuring the economic system this year, namely, speeding up structural reform in the Xiamen special economic zone, the open city of Fuzhou, the open zone in the South Fujian delta, and in foreign economic relations and trade; actively and steadily reforming the price and wage systems; increasing the vitality of enterprises, large- and medium-sized ones in particular; boldly developing horizontal economic connections; expanding the scope of experimentation in implementing nonmandatory plans and market regulation, and opening up the market for means of production in a planned way; organizing efforts of the departments in charge of economic regulation to strengthen macroscopic regulation and control by means of economic leverage; systematically experimenting with reform of the scientific and technological system, encouraging departments, enterprises, and institutions to invest in science and technology, opening up technical markets, combining production with science and technology, and gradually enhancing the initiative of scientific and technical institutions; and making careful preparations for reforming economic management institutions in the superstructure.

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ECONOMIC MANAGEMENT

ZHEJIANG PLANT RAISES OUTPUT, PROFIT, NOT PRICES

OW131131 Beijing XINHUA Domestic Service in Chinese 0106 GMT 12 May 85

[Article by reporters Huang Guowen and Lin Nan]

[Excerpts] Hangzhou, 12 May (XINHUA)--XINHUA editor's note: To increase output and profit without raising product prices in a situation in which raw material prices have increased is a difficult problem currently encountered by enterprises; this is a problem which must be solved. The Yinxian County refrigeration plant's experience has given us the following revelation: The way to solve this difficult problem lies in the enterprise, not outside of it. It does not depend on capitalizing on the consumers, but on manipulating production and enterprise management. There are many ways to increase output and profit inside the enterprise; the potential is tremendous. The problem is to use our minds, to discover, and to dig out. [Editor's note ends]

By carrying out two "unique tactics" by doing processing jobs to increase its output value and carrying out consolidated utilization, Zhejiang Province's Yinxian County refrigeration plant succeeded in solving the "problem" without "difficulty" and greatly raised its output and profit in a situation where control of the prices of agricultural and sideline products had been relaxed and the cost of raw materials raised.

The plant "earned money" mainly by doing processing jobs to increase its output value and by carrying out consolidated utilization. For example, it changed its past method of having the meat eaten and selling the feathers; instead, it grasped the feathers and greatly manipulated the "product." It used its own investments to build a feather down processing workshop and retained the feather to process it feather down. It also purchased equipment to run a garment workshop and used the feathers down to manufacture "jiali" brand feather-down quilts and garments. In the past, a fowl's feathers could be sold for only 40 to 50 fen; but after multiple processing, its value increased to approximately 3 yuan, or more than three times the profit gained from the export of its frozen meat. The larger portion of the plant's newly increased profits in the period from January to April was made by the feather down garment workshop.

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ECONOMIC MANAGEMENT

GANSU RADIO COMMENTARY ON PRODUCTION METHODS

HK070841 Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 6 May 85

[Station commentator's article: "Large- and Medium-Sized Enterprises Must Do Well in Diffusion On Their Own Initiative"]

[Text] At present, one of the existing conspicuous problems in our province's economic development is that the economic structure is irrational, the proportion of large- and medium-sized enterprises is large, the prefectures' and counties' economy is very weak, the existing structure has fettered the development of both large- and medium-sized enterprises and the prefectures' and counties' economy. The output value of the 132 large- and medium-sized enterprises throughout the province accounts for some 70 percent of the gross industrial output value of the whole province and their profits and taxes account for some 80 percent of the total amount of profits and taxes of all industrial enterprises. These large- and medium-sized enterprises play a decisive part in the national economy throughout the province.

However, these large- and medium-sized enterprises are basically large and comprehensive. They are required to solve by themselves the problems of raw materials, accessories, production, and livelihood services. The development of these enterprises is therefore restricted. Due to the low level of technology and management and to the lack of capacity for production, a large number of small enterprises have developed slowly over a long period of time. These two factors have restricted the development of the economy in our province. One of the important ways to quickly change this situation and to strengthen the inherent vitality of our province's economy is to give full play to the guiding, helpful, and promoting role of the large- and medium-sized enterprises.

The Lanzhou Petrochemical Industry Machinery Company's practice of assigning local enterprises on its own initiative to process some of its products is worthy of vigorously advocating. The practice has proved that diffusion and combination is a link between large- and medium-sized enterprises to promote mutual development. Various types of diffusion mean that local enterprises can provide raw materials necessary for production, can process accessories, can provide service to production and livelihood, and can help process the products of large- and medium-sized enterprises and large- and medium-sized enterprises can give assistance to local enterprises in technology and

qualified personnel. Different types of diffusion can be adopted. This is beneficial to large- and medium-sized enterprises, which can release forces to develop products of superior quality and to make new products and which can organize a large number of local enterprises into a rational economic network around them. This will promote the development of the economy of local enterprises.

CSO: 4006/613

ECONOMIC MANAGEMENT

ANHUI COMMENTARY STRESSES URBAN ECONOMIC REFORM

OW120108 Hefei Anhui Provincial Service in Mandarin 1100 GMT 9 May 85

[Station commentary: "Further Institute Decentralization To Invigorate the Economy and Push Forward Urban Reform"]

[Excerpts] After achieving breakthroughs in rural reform, our province is unfolding the urban economic structural reform in an allround manner. The decision adopted by the 3d Plenary Session of the 12th CPC Central Committee has pointed out a clear direction for urban reform, while the provincial conference on reform of the economic structure has set the goal and tasks for urban reform in Anhui this year and for some time to come. We must seize this golden opportunity and boldly seek new ways to push forward urban reform in the province.

In carrying out urban reform, it is necessary to simplify administrative procedures, delegate power to lower levels, relax restrictions, and invigorate enterprises in order to bring into full play the central role of cities in production, circulation, science and technology, transport, banking, and information networks and promote the development of commodity economy. This is an arduous and complex task which does not have a ready formula to carry it through. In making important policy decisions, arrangements, and measures for this reform, we must steadfastly follow the central authorities' policy and implement it in a planned and systematic manner. In order to avoid blunders we must not rush headlong into mass action.

As the work of urban reform involves a wide range of fields, new situations and new problems will crop up in the course of reform. It is necessary to conduct investigation and study new situations and properly handle them in good time. We must also draw a clear line of demarcation between shortcomings in the reform and new unhealthy tendencies and resolutely correct various unhealthy tendencies in order to ensure smooth progress of the urban economic structural reform.

CSO: 4006/612

ECONOMIC MANAGEMENT

ANHUI GOVERNOR ADDRESSES ECONOMIC REFORM CONFERENCE

OW111429 Hefei Anhui Provincial Service in Mandarin 1100 GMT 9 May 85

[Excerpts] At the provincial conference on reform of the economic structure, which closed today, provincial Governor Wang Yuzhao pointed out that now is the golden opportunity for reforming the economic structure, and that we must fully utilize all positive factors to advance the province's reforms without delay.

Wang Yuzhao said: Anhui Province has first made breakthroughs in agricultural reforms. The success of rural reforms has propelled urban reforms. Over the past 2 years, the province has conducted many experiments and explorations into urban reform, in order to strengthen the vitality of enterprises. The enterprises have established various forms of economic responsibility systems, based mainly on contracts, and instituted responsibility systems, whereby plant directors and managers are responsible for the success or failure of factory operations.

Wang Yuzhao stressed: With reform developing in depth, urban reforms have become the central link in the entire economic restructuring. This year, and the period to come, we must continue to grasp well the central link of enlivening enterprises. Governments and competent governmental organs must actively separate administration from business management, delegate more power to the lower levels, and do the job of rendering service to the grassroots units and enterprises well.

In his speech, Governor Wang Yuzhao called on the various localities to properly carry out second stage reform in the rural areas, while actively and prudently carrying out urban reforms. Second stage reform refers to price and wage reforms, and to that of the scientific and educational systems.

The provincial conference on reform of the economic structure was held in Hefei on 3 May. Vice Governor Zhan Juewei also spoke at the conference.

Representatives at the conference heard reports from representatives of Hefei, Bengbu, Anqing, Wuhu, Tongling, Luan, Xuyi, and Tongcheng on their experiences in reform. They also seriously discussed opinions on advancing the province's urban reforms, as well as on current economic reforms.

CSO: 4006/612

ECONOMIC MANAGEMENT

ANHUI GOVERNOR ON DEVELOPING RURAL ENTERPRISES

OW101233 Hefei Anhui Provincial Service in Mandarin 1100 GMT 8 May 85

[Excerpts] According to ANHUI RIBAO, from 29 April through 3 May, Wang Yuzhao, deputy secretary of the Provincial Party Committee and governor of Anhui, and Lu Rongjin, deputy secretary of the provincial Party Committee, led all the comrades attending the Hefei conference of secretaries of prefectural and municipal party committees to visit Fuyang Prefecture and study its experience with the aim of expediting the development of Anhui's village and town enterprise and enlivening the province's economic development. Accompanying them during the trip were other leading comrades of the Provincial Party Committee, the Provincial People's Congress, and the Provincial Government, including Hong Qingyuan, Zhen [name indistinct], and Yang Jike.

Fuyang Prefecture's economic development has been gratifying since the 3d Plenary Session of the 11th CPC Central Committee. Since the beginning of 1985, in particular, the prefecture has successfully applied the contracted system of responsibility in agricultural production to developing the rural areas' commodity production, thus opening a new path for the development of village and town enterprises in accordance with the actual local situation. While developing the mainstay enterprises, the prefecture has paid special attention to specialized production by various households, villages, and districts and to the establishment of plants operated by one or several families. Last year, the total output of the prefecture's village and town enterprises amounted to 858.21 million yuan, exceeding that of 1983 by more than four times. Of this amount, the output of the prefecture's village and town enterprises amounted to 858.21 million yuan, exceeding that of 1983 by more than four times. Of this amount, the output of enterprises operated by one or several families reached 554.08 million yuan, or 64.56 percent of the total output value.

Speaking at a meeting in Boxian County to review the experiences of Fuyang Prefecture, Comrade Wang Yuzhao said: Anhui's rural reform is now in its second stage. We are now acting in accordance with the requirement set forth by Comrade Wan Li, namely, by stabilizing agriculture, supplementing industry with sideline production, enlivening all aspects of commercial operation, and bringing about common prosperity among the people. Over the past 2 years, the Provincial Party Committee and the Provincial Government, in addition to promoting grain production and economic diversification, have paid

special attention to developing village and town enterprises. Our consistent efforts in this area can be seen by last year's meetings to discuss the development of small towns and rural enterprises, as well as by this year's commendation of advanced village and town enterprises, and by the visit that we have just made in Fuyang Prefecture. After you return to your own places, you should make every effort to promote the development of village and town enterprises, as you have done over the past several years in promoting agricultural production, because this is a strategic measure to make Anhui an affluent province. The development of village and town enterprises has been slow in Anhui, and it had a poor foundation to start with. Therefore, the project should proceed from the establishment of those operated by one or several families. The strength of our village and town enterprises comes from large numbers of families, as Fuyang Prefecture has shown. What you saw during the visit were enterprises operated by one or several families. Efforts should be exerted to promote the establishment of enterprises operated by an entire village, or even by an entire township, so that a sizable regional economy can be developed.

Commenting on commodity circulation, Comrade Wang Yuzhao also discussed how the development of small towns can promote commodity circulation. He then stressed the importance of the development of intellectual resources in the rural areas. He said: The heads of the enterprises we visited, be they operated by one or by several families, are all very capable people. Their leadership is indispensable for the development of their enterprises. We must attach great importance to the training of competent personnel and to the development of intellectual resources. In the light of the actual local situation, we should sponsor short-term training classes to teach the production of various types of commodities.

Comrade Wang Yuzhao concluded: Fuyang Prefecture used to be considered an impoverished prefecture. Now we all should be delighted by its successes. We should emulate all advanced experiences, including those of our own province as well as those of Jiangsu and Zhejiang. All these experiences are visible and tangible. If an impoverished prefecture like Fuyang can achieve success, there is no reason why other places with even better conditions cannot be successful.

The secretaries of prefectural and municipal party committees attending the meeting analyzed the current situation and exchanged their experiences. Their objective is to achieve coordinated and steady economic development in Anhui.

ECONOMIC MANAGEMENT

FUJIAN TELEPHONE CONFERENCE ON RURAL ENTERPRISES

07121042 Fuzhou FUJIAN RIBAO in Chinese 27 Apr 85 p 1

[Excerpts] During a telephone conference last evening, the provincial party committee and provincial government discussed how to further support and develop Fujian's rural enterprises.

Wen Xiushan, member of the Standing Committee of the provincial party committee, and Huang Changxi, vice governor of Fujian, addressed the meeting, which was chaired by Zhang Yumin, member of the Standing Committee and secretary general of the provincial party committee.

Comrade Wen Xiushan said: Thanks to the guidance of the central committee's Document No 1 of 1985 and the provincial party committee's rural conference, the total amount of revenue of the province's rural enterprises during the first quarter of this year, profits earned, and taxes they paid during the same period were all considerably higher than those of the same period last year. However, the development of Fujian's rural enterprises has been hindered by certain new circumstances and new problems, most notably the shortage of capital and raw materials. Recently, certain localities have also started restricting rural enterprises' normal buying and marketing operation, thus interrupting their operation. While correcting unhealthy practices, certain localities have also failed to define the limits of policies, and some rural enterprises have thus been forced to suspend their operation pending inspection and some others have even had their licenses revoked.

How should fuller scope be given to rural enterprises' role as the "spearhead" in the economy? Comrade Wen Xiushan presented his views as follows:

1. Promote a healthy development of rural enterprises while checking unhealthy tendencies. He said: Checking unhealthy tendencies calls for distinguishing government operations from civilian ones, party from nonparty affairs, and upper departments from grassroots units. While we should charge rural enterprises to improve their management, we should handle their problems with caution. The general guideline is to improve the leadership over them, improve their management, and protect their initiative.

2. widen the rural enterprises' production, supply, and marketing avenues. Products produced by rural enterprises should mainly be marketed by rural

enterprises themselves, and the selling prices should be flexible. Products manufactured with raw materials supplied by the state at official prices should be sold at market quotations, but the prices of products manufactured with raw materials purchased on the market according to the market price should be allowed to fluctuate to reflect the cost.

3. Take active measures to help rural enterprises solve their capital problems. Rural enterprises should primarily depend on the masses and various other sources for their capital. According to a recent State Council ruling regarding credit for rural enterprises, all the money the state allocated to Fujian to be used as loans, including this year's credit, which has been increased, shall not be exceeded. The available funds for credit have all been extended, and future credit will be extended on the basis of how much funds have been received. If no money has been received, no loans will be granted. We must therefore speed up circulation of funds and use them more efficiently so that more loans can be extended. While encouraging the masses to pool their capital to set up enterprises, we must remind them to consider the sources of their raw and semifinished materials and the marketability of their goods, and guide them to invest in projects which require limited investment but will yield profits in a short time.

Vice Governor Huang Changxi then spoke on promoting compensatory trade and operations that process upon receiving orders. He urged all foreign economic relations and trade departments to attach great attention to these projects and support them with organizational measures and policies. He also urged the customhouses and taxation, transport, and communications departments to care for the interests of rural enterprises and support their compensatory trade and operations processing on order.

CSO: 4006/612

ECONOMIC MANAGEMENT

BRIEFS

ECONOMIC REFORM MEETING--From 7 to 10 May, except for Zixing City, comrades of 17 cities throughout the province who are in charge of reform of the economic structure held a meeting in Changsha to exchange information about, and to study, the problem of how to turn the cities into open, multifunctional, socialized, and modern economic centers in accordance with the spirit of Premier Zhao's recent speech in Wuhan. At the meeting, a Hunan Provincial research institute of reform of the urban economic structure was set up. [Text] [Changsha Hunan Provincial Service in Mandarin 2300 GMT 12 May 85]

CSU: 4006/613

FINANCE AND BANKING

XINJIANG PEOPLE'S CONGRESS HEARS FINANCIAL REPORT

HK060801 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 5 May 85

[Excerpt.] At the third meeting of the sixth regional people's congress, Makenatishatier, director of the regional finance department, said that the region had overfulfilled for 3 successive years the struggle goal of increasing the revenue figure by 100 million yuan each year. Compared with 1981, the region's total revenue was increased by over 422 million yuan in 1984.

Acting in behalf of the regional people's government, Makenatishatier delivered to the meeting a report on the region's drafts for the 1984 final accounts and the 1985 budget.

He said: In 1984, the region's financial situation took a further turn for the better, and the situation in implementing the budget was good. According to the region's 1984 final accounts, the financial revenue totaled more than 722.16 million yuan, or 131.6 percent of the budget; while expenditure totaled 2,337.16 million yuan, or 90.6 percent of the budget. Compared with the 1983 final accounts, the 1984 financial revenue figure was increased by 159.19 million yuan, or 28.3 percent.

Basically speaking, the region's situation in fulfilling the 1984 expenditure budget was good. Compared with the 1983 final accounts, the region's total expenditure in 1984 increased by 25.3 percent. In addition to accomplishing the allocation to capital construction of a large proportion of funds, the region allocated 40 percent more than the previous year. Expenditure on tapping enterprises' potential, [words indistinct], construction, and science and technology was increased by 12.4 percent. Compared with the previous year, expenditure on agriculture, forestry, water conservancy, animal husbandry, and production of rural brigades and communes was increased by 13.5 percent. Of that figure, the expenditure on water conservancy was increased by 69.1 percent compared with the previous year. Also, expenditure on culture, education, and scientific public health [hexue jingxing weisheng] was increased by 10.2 percent compared with the previous year. Of that figure, the expenditure on education was increased by 23.7 percent.

Makenatishatier pointed out: The region's general situation in implementing the 1984 budget was good. However, there were also problems that must be

FINANCE AND BANKING

HU PINO ADDRESSES FUJIAN AUDITING ASSOCIATION

OW110643 Fujian-Fujian Provincial Secretariat (1990-05-09)

[Text] The Fujian Provincial Auditing Association was held in Fuzhou on 7 May. Governor Hu Ping addressed the association.

He said that the auditing branches and units at all levels should actively support the work of the auditing association. They should accelerate the organization of auditing departments and units, do a good job in auditing, and mobilize the forces in all quarters to advance the audit work, actively promote cooperation between auditing and other departments, blaze a new trail in comprehensive mobilization, and contribute to the four modernizations.

(Lin Siyuan), Secretary General of the Fujian Auditing Association, also attended and addressed the inauguration. The association accepted the constitution of the Fujian Provincial Auditing Association. Provincial Vice Governor Wang Yishi as the honorary president of the Fujian Auditing Association.

At the same time, an academic exchange meeting was also held. The meeting received 42 academic reports. The reports included Huang Linchun, an associate professor of the Fujian University of Trade (Fuzhou) and others.

CSO: 1106/412

INDUSTRY

BRIEFS

GUANGXI TOWNSHIP, VILLAGE ENTERPRISES--The total income of the township, town, and village enterprises in Guangxi Region in the first quarter of this year was 193.49 million yuan, an increase of 29.05 percent over the same period last year. According to incomplete statistics in nine prefectures and cities, the total income of the enterprises jointly run by households in the same villages and of individual-run industrial enterprises reached 87.35 million yuan. The total income of the enterprises jointly run by households and of individual-run industrial enterprises in Yulin Prefecture in the first quarter of this year reached 47.21 million yuan, which was equivalent to 79.85 percent of the total income of all township, town, and village enterprises throughout the prefecture. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 1 May 85 HK]

QINGHAI APRIL INDUSTRIAL OUTPUT--Qinghai continued to increase its gross industrial output value in April. It totalled 156.87 million yuan and over-fulfilled the month's target by 8.3 percent. Among its 11 principal industrial departments and eight prefectures, the Power Supply Bureau, the Machine-Building Industry Department, Yushu Zang Autonomous Prefecture, Hainan Zang Autonomous Prefecture and Haidong Prefecture experienced rather sharp increases. [Summary] [Xining Qinghai Provincial Service in Mandarin 1100 GMT 8 May 85 HK]

SHAANXI FIRST QUARTER OUTPUT--The province's total industrial output value from January to April this year amounted to 5.4 billion yuan, an increase of 25 percent over the same period last year. [Summary] [Xian Shaanxi Provincial Service in Mandarin 1130 GMT 8 May 85 HK]

XINJIANG INDUSTRIAL PRODUCTION--The region has achieved good results in industrial production. The region's total industrial output value from January to the end of April amounted to some 2.056 billion yuan, an increase of 24.46 percent over the same period last year. The region's light and heavy industrial output value for the period increased by 23.81 percent and 25.06 percent respectively over the same period last year. The industrial output value of enterprises owned by whole people and that by collectives for the period increased by 20.79 percent and 63.52 percent respectively compared with the same period last year. Of the 14 major regional industrial departments and bureaus, 12 increased their industrial output value compared with the same period last year. Of the 14 autonomous prefectures, prefectures, and cities in the region, 13 increased their industrial output value compared with the same period last year. [Summary] [Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 8 May 85 HK]

CSO: 4006/613

CONSTRUCTION

XIANG NAN, OTHERS ON HIGHWAY TUNNEL CONSTRUCTION

OW122303 Fuzhou Fujian Provincial Service in Mandarin 1130 GMT 10 May 85

[Text] The PLA Headquarters in charge of the expansion project of the Fuzhou-Mawei Highway held a meeting in Fuzhou on 10 May to pledge its support for the construction of a tunnel of the highway. Leading members of party, government, and military organizations of Fujian and Fuzhou, including Fu Kuiqing, Xiang Nan, Zhu Yaohua, Zhao Huaqing, (Yan Qihong), (Hong Rongshi) and others, attended the meeting.

The construction of the Fuzhou-Mawei Highway tunnel is expected to be completed by a certain PLA unit in 2 and 1/2 years. Early completion of the highway is important for expediting Mawei's development, accelerating Fuzhou's economic development, and revitalizing Fujian, as well as for carrying out the party Central Committee's strategic policy decision of restructuring the economy.

Addressing the meeting, Xian Nan, first secretary of the provincial party committee, urged the construction unit to carry forward the PLA's fine traditions, defy hardship, keep the needs of reform in mind, and work with a scientific approach so that the project can be completed qualitatively, efficiently, safely, and economically.

On behalf of the provincial party committee and the provincial People's Government, he thanked the PLA for its support for the local project. He said he was sure the project will be completed victoriously.

In his speech, Fu Kuiqing, political commissar of the Fuzhou PLA units, urged all officers and men to exert concerted efforts, carry out the construction project meticulously, and contribute their efforts to accelerating Fujian's economic development.

After the meeting, the leading members of the party, government, and military organizations of Fujian and Fuzhou met with all the officers and men taking part in the construction of the tunnel.

CS01 406/612

DOMESTIC TRADE

WUHAN TRADE PROSPERS AFTER OPENING TO OTHER AREAS

HK050516 Beijing CHINA DAILY in English 5 May 85 p 1

[By CHINA DAILY staff reporter]

[Text] Wuhan in Central China has become a boom city since opening commercially to other parts of the country last June.

More than 460 stores and factories have been set up in the city by nine provinces and autonomous regions, and nearly 11,580 by joint efforts of the city and other parts of the country.

The city's industrial and agricultural output in 1984 increased nearly 13 percent over 1983, the biggest jump in 4 years.

Its profits from industry increased by 14.4 percent last year, and production of grain, fish, milk, eggs and poultry in its suburban areas reached record highs.

More than 53,000 varieties of consumer goods from all over the country flowed into the city and residents can now buy clothes made in Shanghai, household appliances from Guangzhou, food specialties from Beijing and cooking articles from Tibet.

Meanwhile, more than 10,000 varieties of its farming and industrial products are sold throughout the country.

"Progress and development are possible only by opening to the outside world and promoting competition," ECONOMIC DAILY said yesterday.

"Wuhan has shown its courage and resourcefulness by brushing aside fears that goods from other parts of the country might dominate its market and that some of its enterprises might be eliminated through competition" the paper added.

To attract industrial and commercial enterprises from other parts of the country, the paper said, the city has adopted a series of flexible policies, including the establishment of a wholesale system composing of 90 trading centres, more than 190 warehouses and 27 centres selling farm and sideline products and small industrial goods.

Industrial and commercial departments from other parts of the country have been granted total freedom in deciding on their business scope, management methods and pricing. "We give freedom to all" is the city's slogan.

As a result, more than 20,000 units and businessmen from all over the country have entered into long-term contacts with the city and goods from other parts of the country now make up more than 40 percent of the city's wholesale turnover.

The economic experiments in this city, which straddles the Huang He also attracted foreign investors and businessmen, the paper said.

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FOREIGN TRADE AND INVESTMENT

SONG PING ON SINO-JAPANESE ECONOMIC ISSUES

HK000405 Shanghai SHIJIE JINGJI DABAO In Chinese 14 Apr 85 p 5

[Report by Tokyo Correspondent Zhan Wende: "Minister of the State Planning Commission Song Ping on Problems in Economic Development of China"]

[Text] Song Ping, State Councillor and Minister of State Planning Commission, led a Delegation to visit Japan between 8 and 19 April at the invitation of the Japanese Ministry of International Trade and Industry, the National Land Development Agency, and the Japanese-Chinese Economic Association. On 11 April, Song Ping granted an interview to this reporter at the hotel in which he was staying in Tokyo and spoke on several issues in China's economic development and foreign economic relations and cooperation, which are of universal concern among our Japanese friends in the political, economic, and business circles.

Since the last quarter of 1984, China's industrial production developed at a high rate, which has caused universal concern among Japanese economic circles, which have been worrying about China losing control over the general economic situation because of "overheating the economy." Japanese business circles are also worrying about another "readjustment" on a large scale or a "tightening" of China's economy. Song Ping said, I have heard about those views in my talks with Japanese people of all circles, and I have, on many occasions, stated that China's industry has recently shown great growth, and some phenomena of unbridledly seeking a high growth rate regardless of economic results have emerged. With regard to the emergence of such trends, the Chinese government has already taken note and adopted respective measures.

Comrade Ziyao stressed attaching attention to this problem in his government work report, as have other leading comrades of the State Council on various occasions. However, on the whole, the situation of China's economic development is fine. Several major proportional relationships that had long been well handled in the past are now beginning to improve, and a situation of continuous, steady, and harmonious development in successive years has emerged. When we are exposing the pursuit of high growth rate, it does not mean that we do not want a certain rate of development, only that we must keep a clear head, and guard against and avoid similar big mistakes in the past, in particular when the economy is developing smoothly. We must correct the blind pursuit of high targets and a high growth rate, and attach attention to and lay stress on economic results, in order that the economy may maintain a steady, harmonious, and continuous development.

Some Japanese enterprises which intend to set up joint ventures or provide technology in production in China have often met with the problem that the Chinese side demands to sell their products in Japanese or world market, and when the Chinese party finally agrees to selling the products in the home market, the Japanese party is afraid of failure to recover their foreign exchange investment. And they hope that China will solve the problem appropriately. During the discussion between Song Ping and his party and Japanese circles, the Japanese side expressed great concern over this problem. State Councillor Song Ping told the reporter, we hold that investment should make some profits, and I have already made it clear to our Japanese friends that China's foreign economic policy is to protect the rational interests of foreign investors. As to the volume of interest yielded by the investment, it is primarily determined by the economic results of the investment project, and whether the quality, technology and management are advanced. After that come the problems of market and interest distribution. China must attention to comprehensive balance of foreign exchange, in order to maintain its capability to repay foreign investment and its capability in international payments, and to maintain a good international reputation. It does not necessarily require every invested project and cooperative undertaking to be in balance in foreign exchange. Regarding those investments which will help the urgent needs of China's development of industrial and agricultural production and the improvement of the people's living standards, those which will fill in the blanks in China's technology, and those which will replace imports and promote exports, we may provide them with more preferential special measures such as expanding the proportion of domestic sales, and the state will give them support in foreign exchange if necessary.

On the other hand, with the decentralization of power, some enterprises have begun to independently carry out activities in foreign economic relations. In reference to the balance of foreign exchange, these independent enterprises may still solve their own problems in payment in foreign exchange. If enterprises of this category should have difficulties of payment in foreign exchange, they can overcome them in many ways, such as applying for foreign exchange from the bank of China, and paying with local foreign exchange.

According to State Councillor Song Ping, some Japanese friends hope that the joint-venture operations should be longer. Regarding this, a relevant article has been made in the law on joint ventures that if an agreement is reached between the two parties and approved by departments concerned, the life of joint management may be prolonged in order to yield more benefit. He told the reporter, I believe that more Japanese friends will reach a better understanding that investment and reinvestment in China will be a profitable undertaking to yield reliable and secure. Entrepreneurs with good strategic vision should already have done so. It is my advice that other entrepreneurs should follow their examples.

On his first world Minister Song Ping, after the Japanese custom, what impressed him most was his visit of Japan. He said, through wide contacts and talks with officials of various departments of the Japanese government, economic circles and public circles, I have got a very strong impression that both the Japanese government and the people, and both big enterprises and small ones have

[illegible]

On the one hand, this has corrected the hope that China's exports to Japan would be a "back door" in order to meet the need for imported raw materials. In 1980, China's exports from Japan increased by 60 percent to 2.9 billion yen, but Japan's imports from China increased by only 20 percent. The trade balance between the two countries was 2.7 billion yen. It is not something to be proud of. In 1981, the trade balance is too big, it will only be 1.5 billion yen. If Japan wants to increase its exports to China, it must create favorable conditions for capital accumulation and technological innovation. In this regard, it would be no different from the Japanese market. The growth of the Japanese market is very slow. Therefore, China's trade with Japan in 1982, but China's exports to Japan will be 3.5 billion yen, an increase of only 4.3 percent. This will still be a long way from the close relationship and the economic cooperation between the two countries. We should see that the Japanese market is not a good market for Chinese commodities.

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LIFE IN A FRAM: AN EASY WAY

FILE WESTAL SOCIETY GRANTS: FUNDING OF GRANTS WITHIN 1988, P. 114-67

DOI: 10.1002/jbm.b.10011 Received 18 July 2001; Accepted 16 October 2001

REMARKS: "The Public Rental Service Company Limited Develops Its Business With The Greater China and East Europe"—ANGILO KINWYN (the headline)

(TASS) Beijing. The Chinese EXIMCO (1983)—The China Rental Service Company Limited is expanding its business with the Soviet Union and East Europe. It imports machinery and tools—mainly from them in order to help the Soviet and small enterprises carry out technological transformation. In addition, it is going to start the business of exporting and leasing China-built facilities to other countries and will strive to do some export business this year.

The above said person (C) is the son, general manager of the company, now 44, an intelligent, married, a resident of this new agency.

The China Rental Service Company Limited was jointly organized by the China International Trust and Investment Corporation and the State Bureau of Materials and Equipment. It consists of 10 shareholders.

[illegible]

(C) In December 2004, the Company entered into a license agreement with the Shanghai Intellectual Property Protection Center, Ltd. ("SIPPC") and SIPPC has granted the Company a license to use the SIPPC logo and other marks for the Company's products and services. The Company will start its business activities in the near future.

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the production of marketable goods to gear to the needs of export trade. In particular, the enterprises should develop traditional products that possess the province's advantages, and large and medium-sized key products. The enterprises should improve their packaging techniques, so as to improve their products' competitiveness in the international market and to earn more foreign exchange with their good quality and attractive appearance. In addition, we should actively create conditions. We should also gradually contract projects out to the outside, cooperate with the outside in labor matters, and develop joint operations and technological services.

CSO: 4006/604

FOREIGN TRADE AND INVESTMENT

GOVERNOR QUAN SHUREN CALLS FOR EXPANDING EXPORTS

SK050340 Shenyang Lioaning Provincial Service in Mandarin 1030 GMT 4 May 85

[Text] After hearing briefings recently given by the provincial Foreign Trade Bureau, Governor Quan Shuren pointed out: We should try all possible means to expand exports and to create more foreign exchange earnings.

Governor Quan Shuren said: In the past, we paid more attention to grasping importation and imports and little attention to exports and to earning foreign exchange. At present, we should clearly put forward the principle of using exports to ensure imports and using imports to maintain exports and the principle of rewarding the best exporters. We should concentrate our main efforts on grasping exports and creating more foreign exchange earnings. The policies on the distribution and utilization of the retained foreign exchange earnings should be conducive to mobilizing the initiative of all quarters to support and develop exportation. Tangible benefits, in particular, should be given to producers and the export enterprises.

Governor Quan Shuren also said: The supply of goods is the foundation of exportation. We must ensure a good supply of goods for export. We should also grasp the building of export goods bases and exert more efforts to find the sources of export goods. We should create a good situation in exporting mineral products, farm and sideline produce, aquatic products, and marine products.

CSO: 4006/604

FOREIGN TRADE AND INVESTMENT

GUANGXI INTERNATIONAL ECONOMIC COOPERATION TALKS END

HK070414 Nanning Guangxi Regional Service in Mandarin 1130 GMT 6 May 85

[Text] The Guangxi International Economic and Technological Cooperation Talks, which have lasted 10 days, ended victoriously on 5 May.

On the afternoon of 5 May, the leading group of the talks gave a press briefing at the (Ronghu) Hotel. Wang Rongzhen, vice chairman of the Regional People's Government and head of the leading group of the talks, gave a briefing to reporters on the achievements scored at the talks.

She said: The 10-day talks attracted nearly 700 businessmen from more than 20 countries and regions, including Japan, the United States, Singapore, Canada, West Germany, Australia, Switzerland, Hong Kong, and Macao. The talks scored fairly good achievements, and achieved the expected results. By noon on 5 May, a total of 89 contracts had been signed, with a total investment amount of 330 million yuan of which U.S. \$23.73 million in foreign funds were involved. Initial agreements have been signed on 75 items, with a total investment amount of 554 million yuan, of which U.S.\$184 million in foreign funds were involved. In addition, 44 letters of intent have been signed.

In terms of the number of contracts and agreements, Guilin and Liuzhou Cities signed most contracts and agreements at the talks. In terms of industries, most contracts and agreements have been signed in the light industry, mechanical industry, textiles, and electronic industry.

Wang Rongzhen emphatically pointed out that in the talks, not only a number of contracts were signed on some projects but publicity was given to foreign businessmen on the favorable investment environment in Guangxi and China's foreign policies. Through talks we have also gained much economic information, tempered our contingent, and deepened our understanding of the open policy. All delegations from prefectures and cities said that they have achieved good results and learned quite a lot at the talks.

Wang Rongzhen said that regional leaders attached great importance to the talks and participated and led the talks from beginning to end. All departments have made concerted efforts, thus raising efficiency and upgrading the quality of their work. Consequently, all problems which could be solved in several months in the past now can be solved in several days.

In conclusion, Wang Rongzhen said: As a result of rush preparations in the early stage and other reasons, the talks had many shortcomings. Despite this, the talks have laid a good foundation for the region to use foreign funds and bring in advanced technology, equipment and management skills. In the next step, we must firmly grasp the execution of the contracts and create every condition to ensure the fulfillment of all items on which contracts and agreements have been signed. We believe that these items will play a positive role in promoting Guangxi's economic development.

According to reports, some prefectures and cities are still holding talks with foreign businessmen on some other projects.

CSO: 4006/604

FOREIGN TRADE AND INVESTMENT

KOBE-TIANJIN LIAISON OFFICE ESTABLISHED IN TIANJIN

SK060301 Tianjin City Service in Mandarin 0030 GMT 6 May 85

[Text] Tatsuo Miyazaki, mayor of Kobe City of Japan, held a reception at the Tianjin Hotel yesterday evening to celebrate the establishment of the Kobe-Tianjin economic trade liaison office in Tianjin. Li Ruihuan, mayor of Tianjin Municipality; Wu Zhen, vice mayor of the municipality; Li Zhongyuan, vice chairman of the municipal People's Congress Standing Committee; Li Lanqing, vice mayor of the municipality; Lu Xuezheng, secretary general of the municipal government; and responsible persons of relevant departments were invited to the reception.

Mayor Tatsuo Miyazaki gave an ebullient speech at the reception. He expressed gratitude to the relevant quarters of Tianjin which rendered great support and assistance to the establishment of the Kobe-Tianjin economic and trade liaison office. He said: I have come to Tianjin again after my last visit, made more than 1 year ago, and am very glad to see that construction in all fields is becoming more prosperous every day. This shows that the open-door policy your country is implementing has brought about new changes. I am convinced that the establishment of the Kobe-Tianjin economic and trade liaison office will certainly make new contributions to the further development of economic and trade cooperation between Kobe and Tianjin.

On behalf of the municipal government, Mayor Li Ruihuan expressed warm congratulations on the opening of the Kobe-Tianjin economic and trade liaison office marking the establishment of a new bridge for promoting the friendly cooperation between the two cities and for strengthening their economic and trade relations. Both sides did a great amount of work in the past and achieved encouraging results in various fields. In the future, as long as the two sides actively explore new ways and exert concerted efforts, their cooperation and exchanges will develop to a greater extent, and they will certainly learn from each other's strong points to offset their weaknesses, complement each other, achieve common prosperity, work for the benefit of the people of the two cities, and write a new chapter in China-Japan friendship.

Before the reception, Mayors Tatsuo Miyazaki and Li Ruihuan, Chairman (Shenxie Wenfu) of the Kobe City legislative body, and Vice Chairman Li Zhongyuan cut the ribbon for the opening of the Kobe-Tianjin economic and trade liaison office.

The Kobe City friendship delegation will leave the municipality today to visit other areas.

FOREIGN TRADE AND INVESTMENT

PRC TRADE LEADER DISCUSSES FOREIGN TRADE SYSTEM

HK240358 Beijing CHINA DAILY in English 24 Mar 85 p 4

["Excerpts" of a speech by Zou Siyi, president of the China United Trading Corporation, at a seminar sponsored by CHINA DAILY on 20 March 1985 at the Sino-U.S. trade meeting in New York]

[Text] The reform of the economic structure calls for a more open policy towards foreign countries and increased foreign trade. The reform of China's foreign trade system constitutes a very important part of the overall reform. Prior to 1979, China's foreign trade was controlled by the 10 national import and export corporations and their branches. This monopolistic control over foreign trade had certain advantages.

This system worked very well during the 1950's, when about 70 percent of the trade was with the Soviet Union and Eastern Europe on a government to government basis. But it became inefficient when China's foreign trade with non-socialist countries began to develop and reached more than 90 percent of total trade in 1984. With only 10 corporations to deal with tens of thousands of foreign firms abroad, this monopolistic trade structure immediately proved inadequate.

During the past few years, China's foreign trade system has been somewhat decentralized. But trade is still controlled primarily by a few trading corporations and their branches. According to the 1984 statistics provided by the Ministry of Foreign Economic Relations and Trade, the 10 national trading corporations still managed 92 percent of total Chinese exports and about 66 percent of total Chinese imports.

The restructuring of China's foreign trade system will further decentralize trade. The head offices of the respective import and export of the respective import and export corporations in Beijing have the exclusive right to handle only seven Chinese imports, namely: steel, fertilizer, rubber, lumber, tobacco, polyester fibre and grain and 16 Chinese exports, namely: rice, soybeans, peanuts, frozen pork, cotton, cotton yarn, cotton grey goods, polyester yarn, polyester grey goods, drawn work, tea, tobacco, silk, crude oil, refined petroleum products and coal. But all other items can be bought or sold through the branch offices of the trading corporations or through other trading corporations organized by the various industrial minis-

tries, as well as by the various cities and provinces. Even the branch offices of the national trading corporations in each locality will have more autonomy to manage foreign trade.

The decentralization of trade will continue and the channels of trade will be widened. The number of trading corporations will definitely be expanded in the near future. There are now about 600 and very soon there will be 1,000. However, 1,000 is still a very small quantity in comparison with the amount of firms dealing with foreign trade in the U.S. In order to avoid chaos, there will be a cautious transition from a strict state monopoly of foreign trade to a new system of competition among trading corporations.

For the time being, most trade, especially in the export field, will still be largely in the hands of the national trading corporations and their branches. The Ministry of Foreign Economic Relations and Trade under the new system will have increasing power to regulate trade. For instance, the ministry could establish a new licensing system to set export quotas if it finds that exports far exceed the market demand or to establish some sort of price control system if it finds that export prices are too low. China will adopt a system of regulated trade, not free trade.

Decentralization will also affect the importation of technical products. Except for large projects which will still be coordinated through the China National Technical Import Corporation, most other technical projects will probably be handled directly by the trading corporations organized by the industrial ministries or by the different localities which are the ultimate end-users of the products, as they are more familiar with the technical requirements.

In the long run, the restructuring of foreign trade will eventually transform the trading corporations from principals to agents.

CSO: 4020/216

FOREIGN TRADE AND INVESTMENT

NEI MONGGOL PLANS TO IMPROVE TOURISM FACILITIES

OW021638 Beijing XINHUA in English 1500 GMT 2 May 85

[Text] Hohhot, 2 May (XINHUA)--The tourist industry will be streamlined to bring tourists to the heart of the grasslands of the inner Mongolia autonomous region, according to the Regional Bureau of Tourism here today.

The tourism projects include the building of a 20-story hotel in the region's capital, Hohhot, the opening of helicopter services and yurt (indigenous nomads' tents) hotels.

The hotel with 500 beds in downtown Hohhot is expected to be completed later this year.

The bureau chief said that the bureau planned to buy two helicopters this year to take tourists to the heart of the grasslands, where a lifestyle smacking of that of Genghis Khan's time in the 13th century is still pursued.

Tourists from Western Europe, Japan, the United States and some 50 other countries and regions came to the grasslands on tours last year.

Tourist groups will be organized this year to see Nadam, a traditional Mongolian harvest festival, the official said.

In the meantime, he said, the bureau will develop tourism among the local Mongolians, who will be taken on tours of other parts of China.

Two tourist groups of herdsmen, peasants and workers from the Xilin Gol League have been organized to visit Beijing and Tianjin.

The grasslands of Inner Mongolia cover 87 million hectares and are inhabited by 2.6 million herdsmen.

CSO: 4020/216

FOREIGN TRADE AND INVESTMENT

SALES UP AT GUANGZHOU SPRING EXPORT FAIR

OW050847 Beijing XINHUA in English 0740 GMT 5 May 85

[Text] Guangzhou, 5 May [XINHUA]--The 1985 spring session of the Guangzhou fair ended today with sales up for most export commodities over the 1984 spring session, an organizing official said.

The best sellers included textiles, light industrial projects, arts and handicrafts articles, chemicals and medicine.

The fair, officially known as the "Guangzhou Export Commodities Fair," has been a biannual event since 1957.

More than 24,000 business people attended this year's spring session--the 57th--which opened on 15 April. Of these, 16,000 were from Hong Kong and Macao, and the others from 90 foreign countries and regions.

Hong Kong and Macao business people concluded more purchase transactions than in any previous session of the fair, despite the fact that trade fairs had been held in both places by many provinces, municipalities and autonomous regions.

Linen, rabbit hair, goatskin, cashmere, wickerwork and jewelry remained popular with customers, the official said. Cooking oil, fireworks, woolen suitings, fur-lined mattresses and non-metal ores sold better than at previous sessions.

The prices of animal feed, black tea, gunny sacks, ceramics, feather and down and canned goods fell from the previous session. But those of peanut oil, salted fern, Wulong tea, Chinese cinnamon and rabbit hair rose.

Chinese companies concluded a number of deals for importing plastics and chemical fiber materials, rolled steel, soda ash, dyestuffs, medical apparatus and precision instruments at reasonable prices.

A number of contracts or letters of intent were signed for technology import, joint venture operations, overseas labor service and construction projects. Chinese Communist Party General Secretary Hu Yaobang and Vice-Premier Yao Yilin visited the fair in April. Senior government officials and public figures from over 50 countries were guests of honor at this session.

CSO: 4020/216

FOREIGN TRADE AND INVESTMENT

GOOD-QUALITY DESIGNATIONS REVOKED ON 23 PRODUCTS

OW280622 Beijing XINHUA Domestic Service in Chinese 0850 GMT 27 Apr 85

[By reporters Zhao Baohua and Zhao Chuanming]

[Text] Beijing, 27 April (XINHUA)--Recently the Ministry of Machine-Building Industry issued the second circular on reexamining the quality of products that before 1983, had been cited as good-quality products in the country or within the sphere of the ministry. According to the circular, a number of products are no longer designated as good-quality products because they fail to meet international standards, and it has been decided that no good-quality designations should be used on them. Altogether there are 23 such products, including the LWS-series all-purpose changeover switches and Model CC195 diesel engines.

Prior to 1983, more than 800 products made by manufacturers in various fields under the Ministry of Machine-Building Industry had been cited as good-quality products in the country or within the sphere of the ministry. At that time because international standards were not used and there was no scientific basis for the methods applied to appraising product quality, there appeared such phenomena as "letting you appraise my products this year and letting me appraise yours next year" and "selecting the relatively good ones from among a number of bad products." Some products, though designated as good-quality products, were actually no good at all, and users had no confidence in them. By the end of last year, the Ministry of Machine-Building Industry conducted strict reexaminations of those 800 and more products according to their categories by using the quality criteria and testing methods stipulated in the international general technical standards, ISO and IEC. The above-mentioned decision to revoke good-quality designations on the 23 products was made on the basis of that reexamination.

CSO: 4006/604

FOREIGN TRADE AND INVESTMENT

BRIEFS

INTERNATIONAL ECONOMIC SYMPOSIUM--Nanning, 3 May (XINHUA)--The Guangxi Zhuang autonomous region has struck 74 deals worth 150 million U.S. dollars with overseas firms since the opening of an international symposium on economic and technical cooperation in the scenic city of Guilin a week ago. Foreign funds to be brought in and imports of technology and equipment topped U.S. \$100 million, more than expected, Wei Chunshu, chairman of the Guangxi regional government, announced today. He added that more contracts would be signed before the closing of the symposium Sunday. The chairman said that Guangxi had a fine environment for investors from overseas, Hong Kong and Macao. The region has a comprehensive network of roads, railways and inland waterway shipping routes. There are large reserves of nonferrous metals and enormous hydropower potential, and the area abounds in subtropical farm products. An international airport is to open later this year in Beihai, one of China's 14 coastal cities opened wider to foreign investment and trade. The Port of Fangcheng in Beihai now operates seven berths for 10,000-dwt ships. [Text] [Beijing XINHUA in English 1454 GMT 3 May 85 OW]

NEPAL DELEGATION FETED--Beijing, 1 May (XINHUA)--Chinese Minister of Commerce Liu Yi gave a banquet for a Nepalese trade delegation led by Minister of Supplies Hira Lal Bishwakarma here today. In their toasts, Liu and Bishwakarma spoke highly of existing friendly relations and cooperation between China and Nepal. Chinese Vice-Minister of Commerce He Jihai and Nepalese Ambassador to China Guna Shumsher Jung Bahadur Rana were present. The delegation arrived here Tuesday evening at the invitation of Minister Liu Yi to study the production and distribution of daily necessities in China. The Nepalese visitors will also tour Shanghai and Guangzhou. [Text] [Beijing XINHUA in English 0851 GMT 1 May 85 OW]

CHINESE COMPANIES WELCOMED--Tunis, 26 April (XINHUA)--Tunisian Prime Minister Mohamed Mzali today welcomed Chinese companies to Tunisia. He made this remark while receiving the Chinese Ambassador Xie Bangding while laying the first stone of the Bourguiba project which will protect the city of Sfax, from floods. Presiding over the ceremony, the prime minister also expressed satisfaction with the favourable development of the commercial relations between the two countries. This project situated along the River Ezzit will be completed in 3 years at a cost of 36 million dinars (about U.S. \$41.4 million). As its part of the project, the Chinese Electric and Hydraulic Company will construct a 900-meter long canal, valued at 11.81 million dinars (about \$13.6 million). [Text] [Beijing XINHUA in English 0745 GMT 27 Apr 85 OW]

CANADIAN AGRICULTURAL GROUP MET--Beijing, 23 April (XINHUA)--China hopes to increase cooperation with Canada in agriculture, Vice-Premier Tian Jiyu told a group of Canadian visitors here this afternoon. He said this at a meeting with a Canadian agricultural delegation led by Alvin Hamilton, member of parliament and for minister of agriculture. Tian said that China was willing to work with Canada in agricultural production and the processing of agricultural produce and to promote economic and technical cooperation and trade between the two countries. The delegation had discussed Canadian-Chinese cooperation and trade with Chinese officials in the last few days. Both sides pledged to work hard to turn their good wishes into realities, Hamilton said to Tian. The Canadian guests will leave here tomorrow to tour the coastal areas in southeast China. [Text] [Beijing XINHUA in English 1217 GMT 23 Apr 85 OW]

HUNGARIAN COMMERCIAL DELEGATION FETED--Beijing, 2 May (XINHUA)--The visiting Hungarian Minister of Internal Trade Zoltan Juhar expressed his hope today for further expanding cooperation between the Chinese and Hungarian commerce ministries. He said at a banquet given by Chinese Commerce Minister Liu Yi this evening that Hungarian-Chinese relations had constantly developed in the recent years. He also told his Chinese counterpart that the Hungarian people liked Chinese goods very much. In his toast, Liu Yi congratulated the Hungarian people for their achievements in the socialist construction. He expressed his conviction that the visit of the Hungarian commercial delegation led by Zoltan [as received] would contribute to the friendly relations between the two ministries. The delegation arrived in Beijing this afternoon on a friendly visit to China as guests of Liu Yi. [Text] [Beijing XINHUA in English 1504 GMT 2 May 85 OW]

GANSU EXTERNAL TRADE CONFERENCE--Gansu's largest work conference on external economic relations and trade opened yesterday morning [2 May] at Lanzhou Hotel. Li Ziqi, secretary of the provincial CPC Committee; and Hou Zongbin, vice governor, attended the opening ceremony and delivered speeches. Li Ziqi said: The external economic work is an important activity of opening to the outside. Its tasks include the import of technology, promoting the flow of information, and understanding overseas markets. On the province's external economic work, Li Ziqi said: We must export our native products, specialties, machinery and electric goods to earn foreign exchange and to transform our enterprises. We should export technology to Third World countries and establish labor contracts with these countries. When trading with foreign countries, we should stress economic results. In addition, we should pay attention to the commercial intercourse with East European countries, and make use of credit transaction relations with them to import their advanced technology. We must make the best use of time but not delay the province's projects. We must also improve the economic results of the projects. [Text] [Lanzhou Gansu Provincial Service in Mandarin 2300 GMT 2 May 85 HK]

CSO: 4006/604

TRANSPORTATION

QINGHAI-XIZANG HIGHWAY REVAMPING PROJECT NEAR COMPLETION

HK100721 Xining Qinghai Provincial Service in Mandarin 1100 GMT 9 May 85

[Excerpt] After 10 years of great efforts, the roadbuilders and local workers are about to complete the revamping project of Qinghai-Xizang Highway. Now some 20,000 roadbuilders are speeding up the final stage of the project.

The Qinghai-Xizang Highway is a world famous highway running across a plateau. Since its completion and opening to traffic in 1957, it had been a highway with a gravel surface. Thus, its standards were low and its transport capacity was poor, thereby lagging far behind the requirements of developing economic construction.

In order to fundamentally improve the situation, the state decided to revamp this highway and listed it among the state's key construction projects in the Sixth 5-Year Plan. Starting from 1977, three professional road building teams were dispatched to and worked along the highway together with the local highway engineering teams. During the past 10 years this large road building force has been struggling against the harsh weather on Kunlun Shan, (Fengguo) Shan and Tanggula Shan. They have overcome such problems as high altitude, cold weather, lack of oxygen, complicated geographical conditions, and high technical requirements. Consequently, they have replaced the gravel surface of the highway by a [words indistinct] meter wide asphalt surface. Thus, it has become the world's highest, longest [words indistinct] highway.

CSO: 4006/613

TRANSPORTATION

BRIEFS

COMMUNICATIONS MINISTRY APPROVES PROJECTS--In late April the Ministry of Communications has approved three major port projects on the island to begin this year's first group of key technological transformation and equipment renewal projects. The investment sum totals 9.065 million yuan. Of that figure, 1.05 million huan will be used to build a container wharf in Haikou Port; 5.17 million yuan will be used to rebuild the old wharf in Basuo Port; 1.74 million yuan will be used to install loading and unloading machinery in Sanya Port; and 1.57 million yuan will be used for coal transportation expenses in the ports. [Text] [Haikou Hainan Island Service in Mandarin 0400 GMT 10 May 85]

CSO: 4006/613

CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

PRC JOURNAL ON HUNGARY'S ECONOMIC REFORM

HK050613 Beijing SHIJIE JINGJI in Chinese No 2, 10 Feb 85 pp 43-48, 34

[Article by Meng Chuande [1322 0278 1795] of the Institute of World Economy and Politics of the Academy of Social Sciences of China: "Hungary's Economic Structural Reform and the Economic Function of Its State"]

[Text] How to understand the economic function of socialist states in the present stage is a basic theoretical problem in socialist economy as well as an important problem that economic structural reform will involve. The experience of some socialist countries proves that the theory and practice concerning the economic function of socialist states at the present stage determines, to a large extent, the basic orientation of economic structural reform, affects the results of such reform, and even has a direct impact on its success and failure. This article makes an initial probe into the theory and practice concerning Hungary's state economic function.

I. State Economic Function and Socialist Commodity Production

In the early 1950's and before and after the 1956 incident, Hungary's economic circles began to analyze and study the revolutionary teachers' concept of socialist society, their expositions on the economic function of socialist states, the history of economic development of socialist countries, and their experiences and lessons. In preparation for economic reform in 1968 and in combination with management system reform, they carried out a heated discussion about the economic function of socialist states.

Marx pointed out: "Communism can be an experience only when it appears as an 'mediate' and simultaneous act of various nationalities who occupy a dominant position, but the prerequisite for this is the extensive development of the productive forces and of the relevant world contacts." ("Collected Works of Marx and Engels," Vol 3, pp 39-40) It is not difficult to understand that in Marx's articles, and in "Critique of the Gotha Program" in particular, his exposition that there is no commodity or money in socialist society is related to this idea of socialist revolution. The subsequent development of the situation proved that socialist revolution was first successful in an economically backward country like Russia, and the socialist countries built after this were also economically backward countries. Therefore, the conditions for the actual existence and development of socialist countries are obviously different

from those supposed by Marx. In other words, we must not mechanically follow Marx's supposition on socialism. (Bela Don) [Bei Lai Dong: 6296 5490 2639], Hungary's well-known economic historian maintains that it is impossible for Marx's supposition on socialism to fully correspond to today's actual conditions, and nor is it possible for today's actual conditions under socialism to fully correspond to Marx's supposition on socialism. Therefore, the only method for solving problems in socialist society, including problems concerning the economic function of the state and commodity production, is to use the Marxist stand, viewpoints, and methods to analyze the actual conditions under socialism.

On the basis of such an understanding and by profoundly analyzing the experiences and lessons of his own country and other socialist countries, a Hungarian economist pointed out: "Experience in socialist economy has proved that commodity production cannot be 'abolished'.... In the meantime, the history of the development of production has also proved that commodity production and the market can be regulated and supervised." (Karoli Ferdis) [Ka Luo Yi Fei Er Dai Shi: 0595 3157 0122 6316 1422 0108 0087]: "Social Commentaries: For the Purpose of Developing Marxist Economic Science," issue No 2, 1964) He and other economists also expounded that commodity production in the present socialist stage is not only unavoidable but also necessary and that only by retaining commodity production can contradictions be solved and a planned economy realized. The Hungarian leader Kadar stressed that "since commodity production exists in socialist society, the market also exists, the law of the market plays its role, and there are prices. This is not a question of adopting the capitalist or socialist pattern. In other words, it is also necessary to pay attention to profits in socialist society." (Janos Kadar: "Social Commentaries: A Realistic and Farsighted Program," Issue No 10, 1980)

As commodity production and commodity exchange still exist, the socialist economy is still a commodity economy. Economic units are relatively independent operators. Enterprises and individuals realize their profits through market relationships. But due to the leading role of socialist public ownership, the law of planning is one of the laws of socialist economic development. Therefore, the socialist economy is a commodity economy under the guidance of state plans. The environment and conditions in which the commodity economy of socialist countries exists have set the "requirements of mutual relationships and coexistence for state economic management in line with the centralized management of national economic plans and the decisionmaking power of economic units in using their resources." [Andaur Belai] [An Dao Er Bei Lai Yi: 1344 6670 1422 6296 5490 0122]: "Socialist Political Economy," Kesute [4430 5685 3676] Publishing House, Issue No 131, 1979.

In the discussion, Hungarian economists criticized two extreme viewpoints, that is, the "theory that the state plan is omnipotent" and "economic law fetishism."

The "theory that the state plan is omnipotent" refers to the theory of the unique importance of the state's will in economic management. Those who hold this viewpoint maintain that "national economic plans are omnipotent and the role of a socialist state in planning is so limitless that economic laws can be ignored." This viewpoint is the theoretical basis for exercising a high

degree of centralized economic management. Experience in the socialist economy over the past decades has proved that the state cannot manage the national economy like managing a large factory and cannot adopt the policy of "interfering in all aspects" of the economy, as this violates the law of socialist economic development at the present stage, does not correspond with the current productive forces, and ignores the fact that the socialist economy is a commodity economy.

So-called "economic law fetishism" is an idea which negates the positive leading role of the socialist economy. Those holding this viewpoint maintain that the development of the socialist economy merely relies on its spontaneous adaptation to economic laws. This viewpoint is wrong because the "economic role of a socialist state reflects the objective requirements of centralized management, which is based on the public ownership of production means and represents the common interests of society." As the interests of commodity producers contradict each other, these producers cannot bring about economic results which are beneficial to society. So it is necessary for the state to exercise a centralized plan and to use legal and administrative means to produce social effects. In addition, in socialist society there are many economic laws simultaneously playing their part. Correctly understanding and using them is a task in state economic management. Therefore, it is wrong to say that state management and national economic plans can merely adapt themselves to economic laws in a passive manner. Contrary to this, state management has a positive impact on developing the socialist economy.

Hungary's "economic structural reform is aimed at improving central planned leadership over the socialist economy and the results of its entire activities as well as to bring into play the superiority of the socialist economy." Economic reform has enabled the central authorities to grasp and manage the principal aspects of the national economy and has increased the decisionmaking power and initiative of local institutions and enterprises. Obviously, Hungary combines strengthening state management with expanding enterprises' decision-making power for the purpose of improving state management, bringing into play the initiative of localities and enterprises, and enlivening the economy. So the relationships between state economic management and enterprises' decision-making power are in dialectical unity. Hungarian economists maintain that this "democratic centralism is a basic principle for Hungary's socialist management system." The further reform and development of Hungary's economic management system embody this important principle.

Although the 1968 reform laid down the basic principles for state economic management, the debate about the relationships between state management and enterprises' decisionmaking power has not ended. On the one hand, some people are worried that the expansion of enterprises' decisionmaking power will affect the state's economic power; on the other hand, others are afraid that the direct state interference will reduce market competition.

On the basis of analyzing the practice and theory over the past 16 years, Hungary has further affirmed the basic principles for 1968 reform, maintaining that the government's economic management and expanding enterprises' decision-making power in a planned way are not opposed to each other. Through a banking

system, market supervision, the use of currency, and a budget estimate, a socialist state will be able to effectively regulate the socialist commodity economy. Therefore, the purpose of further developing economic reform is to improve the efficiency of central management and at the same time to expand enterprises' decisionmaking power and responsibility.

To improve the efficiency of central management, it is necessary to strengthen the formulation, implementation, and supervision of national economic plans and the state budget and to apply economic regulating means in a more comprehensive manner so as to promote coordinated economic development. For this reason, it is also necessary to further reform the organizational system, including the organizational system of the in-house departments of enterprises, and to expand the operational managerial rights of localities and enterprises, their right of organization, and their right to allocate their assets. These are the important contents of Hungary's economic structural reform in the course of its development.

II. State Economic Management and Enterprises' Decisionmaking Power

The basic characteristic of Hungary's 1968 structural reform was the organic combination of central planning and management with the active role of the market. This characteristic manifests itself in the following two aspects: First, the expansion of enterprises' decisionmaking power to such an extent that most of the economic policymaking power has been delegated to enterprises; and second, the reform of state economic management in such a manner that "in the course of management, prominence is given to economic means rather than to administrative means." "A socialist state ensures the realization of its national economic plans by making use of the possibilities provided by commodity relationships, that is, by economic means rather than by assigning plans to the lower levels." ("Social Commentaries: The Decision on Structural Reform," Issue No 6, 1966)

With regard to the above reform, some people will probably ask these questions: Do the expansion of enterprises' decisionmaking power and the substitution of economic for administration measures mean weakening state centralized economic management? How can one exercise effective centralized management when the mandatory plan system is abolished? The practice in Hungary's economic reform has provided us with experiences and lessons worth probing.

1. Expanding enterprises' decisionmaking power is an important issue in realizing economic structural reform as well as the crux of enlivening the national economy. (While expanding enterprises' decisionmaking power, Hungary also expands the decisionmaking power of local assemblies (governments). Generally, local governments in Hungary do not take charge of productive enterprises. The expansion of decisionmaking power manifests itself mainly in regional development plans, local planning, taxation, establishment of basic facilities, and enterprises of a managerial and service nature.)

The expansion of enterprises' decisionmaking power has markedly improved the efficiency of state economic management in the following aspects: First, due to the rational separation of government functions from enterprise functions,

government planning institutions and various government departments can concentrate their efforts on the study of important problems concerning economic development and can free themselves from trifles; second, the power, responsibility, and profits of enterprises are rationally and organically combined, thus fundamentally improving the relationships between central economic management institutions and enterprises and solving some contradictions between them; and third, enterprises' policymaking power and market regulation practiced in connection with it can react on national economic plans, and such a feedback reaction plays an effective role in supervising national economic plans and promoting the rational readjustment of national economic plans.

2. Using economic means to manage the economy is a universally effective method in modern socialist economic management.

In the initial period of socialist construction, and when confronted with domestic and foreign enemies in particular, it was necessary for the state to use administrative means to concentrate material and financial resources on developing the economy so as to ensure the existence and development of the socialist system. However, following the development of the socialist economy, administrative means have become more and more unsuitable for commodity economic management. Whereas economic means is a regulating means which enables the producers and the consumers to establish more direct ties through the relationship between commodities and money. Moreover, only by mainly applying economic means can the interests between the state, the enterprise, and the individual be correctly coordinated and handled and the initiative of enterprises' staff and workers brought into play.

Hungary's economic regulating system is worked out by the state on the basis of material and price balances. It appears in a legal form and is therefore generally practicable. Every 5 years, while drawing up a 5-year plan, Hungary makes an overall revision of its economic regulating system, and while working out an annual plan, it also carries out partial readjustment of its economic regulating system. Now Hungary has made a balance list of 300 types of materials. Although the results of balancing the materials are not converted into instructions for enterprises to follow, they are an important basis and reference for working out and revising the economic regulating system. In 1968, Hungary began to draw up plans concerning prices and wages for the purpose of maintaining a comprehensive balance. The comprehensive balance between materials and prices manifests itself in the principal development targets set in national economic plans, such as the norms for industrial and agricultural production and for prices and wages. In addition, it also manifests itself in economic regulating means, such as taxation, rates, and the distribution of income.

Facts have proved that economic means are "stricter" managerial methods, compared to administrative means. They can strictly and explicitly define the rights and duty of enterprises and leave little room for bargaining and trickery. Therefore they have provided a reliable guarantee for realizing national economic plans.

Hungarian economists maintain that the abolition of mandatory plans does not in the least mean abandoning state planned management. They pointed out that

a mandatory plan is merely a form of planned management and that a plan should not be equated with a mandatory plan. A guiding plan composed mainly of economic means is a better form of planned management in the present period. Also, "planning and a planned task are two different concepts. This means that in a certain situation, the divorce from a planned target will not lower the level of the plan." (Bela Chigershinagy) [Bei La Qi Ye Shi Na Ji: 0299 2139 1142 2688 0087 4780 0679]: "Economic Policy," 187, Kossuth [1440 0687 3676] Publishing House, 1982. In other words, in economic management, the state should pay attention to improving economic results and balancing the relationship between supply and demand. Only by applying economic means in an extensive manner, can these means play an effective feedback role in national economic plans and enable these plans to combine with the market organically.

3. Necessary administrative intervention still remains a factor which should not be overlooked in state economic management in Hungary. The "Decision on Structural Reform" in 1968 pointed out: "To ensure the order of national economic activities and social interests, the socialist state is required to use, in various spheres, administrative regulations--permits, prohibitions, and instructions--to exert influence on enterprises' economic activities and economic progress." However, there are three great differences between these administrative regulations and the past mandatory plans. First, these administrative regulations involve only a small number of enterprises and products, they mainly involve the fulfillment of international obligations, and enterprises and products linked to key projects. Second, administrative regulations are provisional decisions drawn up in line with economic development and the situation of supply and demand. They can be abolished or re-adjusted at any time. Third, administrative regulations are linked with the material interests of the enterprises. If needed, the state will provide subsidies or financial preference for enterprises undertaking tasks assigned by the state or for enterprises under restriction. In other words, administrative and economic means are combined with each other. Obviously, the abolition of mandatory plans and exercising of necessary administrative intervention are not in contradiction with each other.

III. State Economic Management and the Reform of the Organizational System

After the 1956 incident, Hungary carried out major readjustment of its party and government leading organs. The 1968 economic structural reform was focused on the planning and regulating systems rather than on the organizational system. Therefore, contradictions kept arising in national economic management. At the beginning of the 1980's, Hungary began to carry out overall reform of the organizational system, thus enabling it to correspond to the development of the economic structure and the enhancement of economic management.

The rational division of party and government work in economic management is an important condition for improving state economic management. After the 1956 incident, Hungary began to pay close attention to the rational division of party and government work in economic management and to counter the past practice of party organizations undertaking all work and party leaders at various

levels deciding everything. In addition, it also attached importance to using economic specialists to manage the national economy. This was further affirmed in the 1968 economic structural reform, in which the following was stressed: "The leading role of party organizations in economic activities should manifest itself in guiding, coordinating, and supervising the implementation of policies.... At no time and in no place should party organizations replace the direct leadership of economic organs." "Economic work is not something independent of or isolated from politics. Therefore, the party must also play its leading role in economic life."

The party and the government cooperate with each other while dividing their work in economic management. In drawing up economic policies, party leading bodies fully solicit opinions from economic leaders; and economic management organs listen to the opinions and suggestions of party organizations before making economic decisions and adopting economic measures. In basic-level units, and in enterprises in particular, party organizations can make suggestions to the leaders of enterprises, but operational problems should be handled by managers (general managers) or leaders of enterprises who are appointed by means of election. If a party organization does not agree with the decision made by a manager, it can report this to the party organization at a higher level and ask the higher responsible or supervisory organs to adopt the necessary measures. In this way, managers have the initiative in making decisions and the supervisory role of party organizations in economic life can be brought into play.

Promoting the socialization of economic management is also an important part of economic structural reform. This requires the constant improvement of the democratic nature of socialist economic management so as to enable the laborers to participate in economic policymaking and economic supervision more frequently and more directly. Therefore, as the representative organ of staff and workers, the trade union has played a more important role in the new economic structure. The trade union not only has the right to air its views on economic policymaking, but also has the right to veto the decisions concerning laborers' material interests and labor protection. Laborers' participation in operation and management has strengthened the basis for making state economic policies and promoted the coordination of interests between the state, the enterprise, and the individual. On the other hand, it has strengthened social supervision over economic policymaking and economic activities. Hungary has set up the central people's supervisory commission with 142 subordinate supervisory commissions, which allow the masses to participate in their work. These supervisory commissions have less than 600 full-time members throughout the country, whereas voluntary people's supervisors number nearly 40,000. The people's supervisory commissions exercise economic supervision over departments and enterprises throughout the country with the masses' participation and support.

Since the beginning of the 1980's, Hungary has concentrated its efforts on the reform of the organizational system. The measures are as follows:

First, at the central management level, Hungary has strengthened its economic coordinating and functional departments, reduced specialized departments, and

readjusted the functions of specialized departments. In the new economic mechanism, economic means are used to manage the economy, therefore the coordinated application of various regulating means has particularly great significance.

After the 1968 reform, Hungary set up two important government commissions acting as coordinating organs. In 1974, it set up the State Planning Commission, whose tasks are coordinating national economic plans and working out the state budget and economic regulating means. The chairman of the commission is a vice premier. In 1981, it established the state economic commission, whose tasks are giving guidance to the implementation of annual plans, handling disputes between departments in the course of implementing annual plans, and guiding and coordinating various departments in their international economic activities. The chairman of the Economic Commission is also a vice premier.

Since the 1968 reform, state functional departments such as the Finance Department, the Material and Price Bureau, the state bank, and the Statistical Bureau, have stepped up their role. Since the beginning of the 1980's, these organs have been further strengthened through readjustment. For example, the state Material and Price Bureau not only takes charge of the formulation of price plans and the coordination of market supervision, but also directly organizes market activities and guides state storage management. Correspondingly, the number of working personnel in functional departments has also increased. For example, there are 1,000 staff members in the Central Statistical Bureau under the Council of Ministers.

Hungary has streamlined specialized departments while strengthening economic coordinating and functional departments, so as to reduce departments' administrative interference in enterprises. In 1981, Hungary merged the Ministry of Heavy Industry, the Ministry of Light Industry, and the Ministry of Metallurgical and Machine Building Industries into one Ministry of Industry and reduced the number of staff members from 1,300 to 560. The new Ministry of Industry is mainly responsible for drawing up industrial and economic policies and promoting the reform of the industrial structure, whereas enterprise management has become a task of secondary importance. In addition, the number of staff members in other specialized departments has been reduced by about 10 percent.

Second, Hungary has reformed the organizational system of enterprises. Long ago Hungary began to consider reforming the organizational system of enterprises so as to expand their decisionmaking power and perfect their management. The Central Committee of the Hungarian Socialist Workers' Party made an important step forward in this connection by adopting a principled resolution on 17 April 1984 on further developing the economic management system. The resolution stipulates: Except for enterprises providing social services and enterprises designated by the Council of Ministers, state-run enterprises will adopt a new leadership form. Apart from having the more powers of operation, most enterprises will have the right to allocate a part of the assets under socialist public ownership and the right to employ leaders of enterprises.

Large and medium-sized enterprises have established their committees. These committees are the enterprises' main policymaking organs which decide the

enterprises' long-term development strategy and exercise, within the scope of the power authorized to them, some of the right of allocation related to socialist ownership, and the right to employ leaders of enterprises. This includes selecting and using managers, evaluating their work, making decisions on major changes in enterprises' activities, approving annual plans, and setting up branch enterprises. Enterprises' committees are composed of representatives of staff and workers and of leaders of enterprises. Responsible persons of enterprises' party organizations, trade unions, and youth league organizations participate in the committees' work on a nonvoting basis. Managers take charge of routine operation and management as well as the implementation of enterprises plans. Small state enterprises under ministerial administration or managed by local assemblies appoint their leaders by election. These leaders are responsible for the enterprises' routine management. Congresses of staff and workers or representative conferences of staff and workers exercise some of the right of allocation related to socialist ownership and the right to employ leaders of enterprises.

Third, Hungary has developed a diversified economic form. Over the past few years, Hungary had been active in developing enterprises' economic labor groups and the diversified economic form of contract management, leasing, and cooperation between specialized groups. Hungary has given autonomous rights to the staff and workers of these operational units. The state carries out economic regulation rather than administrative intervention in these units. Hungarian economists maintain that expanding enterprises' right to allocate assets, accelerating the circulation of funds and the labor force, adopting a diversified economic form, and appropriately allowing private ownership to expand will not affect the nature of the socialist economy but will add vitality to the socialist economy.

IV. Important Experiences and Lessons

Since 1968, Hungary has made remarkable achievements in economic structural reform. However, some prominent problems have also arisen. All this is related to how state economic management is exercised. Its experiences and lessons merit studying.

1. It is necessary to probe into and carry out an experiment with socialist theory and practice. On the basis of discussion and experiment, Hungary has put forward the theory of combining improvement of state economic management with the expansion of enterprises' decisionmaking power, thus blazing a new trail in the reform of socialist state economic function. Since the economic structural reform, the initiative of enterprises and laborers had markedly increased and state economic management has been enhanced. Planned targets can be realized better and are close to their completion. Hungary has basically realized macroeconomic management and microeconomic invigoration. Interests between various strata are in fair coordination, bargaining between the state and enterprises had been eradicated, and labor discipline has been strengthened. All this has promoted economic development, is beneficial to stabilizing the political situation, and has created favorable conditions for socialist economic development. Hungary's economic reform has produced remarkable results.

2. It is necessary to reform the organizational system in a timely manner. During the 1968 reform, Hungary failed to carry out major reform of its organizational system. As a result, the old organizational system became an obstacle to the entire economic structural reform. This is an important lesson.

With regard to "streamlining administration and delegating power to the lower levels," Hungary has adopted the approach of dealing with each case on its merits in line with the requirements of economic structural reform. This experience is worth studying. In the course of readjustment, government managerial organs are streamlined and their quality improved, thus enhancing the level of state economic management.

3. In reform, it is necessary to overcome obstacles coming from various fields. In sense, one has to take "risks" in carrying out reforms. But without timely reforms, social and economic problems would crop up and economic mechanism would be of no avail. This would be "dangerous." Hungary's experience has proved that it is impossible for any reform measures to avoid opposition by traditional concepts and some people who lose their immediate interests. This is even more so when difficulties emerge in reforms and economic development. Due to the oil price rises in the world market in 1973, Hungary's economy suffered a heavy blow and its economic reform underwent a severe test. Some people placed the blame on the reform, distorted the principles for reform, and tried to restore the old management. For example, some departments set mandatory targets for enterprises, carried out administrative intervention in violation of the principles for reform, weakened the principle of material interests, and practiced egalitarianism. This drove Hungary into a more difficult situation. In addition, in the course of reform, the importance of state economic management was once denied and the leading role of the party negated. In 1977, Hungary began to carry out an overall examination of its economic reform, affirmed the correctness of the principles for the 1968 reform, and analyzed and criticized the erroneous ideas of negating central management and opposing the expansion of enterprises' decisionmaking power.

It can be predicted that in the latter half of the 1980's, Hungary will take a greater stride forward in enhancing its state managerial level and expanding enterprises' decisionmaking power.

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[Article by Deng Liang (6772 0081): "Questions of Absorption of Foreign Capital in Thailand"]

[Text] More than 20 years ago, Thailand was a backward agricultural country. In order to speed up the development of the country's economy, the Thai Government has carried out the policy of opening its economy to the outside world, encouraging the development of foreign trade, and vigorously absorbing foreign capital, regarding this as the guideline for the country's development. For more than 20 years, in order to attract direct foreign investment, the Thai Government has set up a full set of organizations to administer the matters related to foreign capital; gradually promulgated a series of policies, laws, and other measures to attract foreign capital; and accumulated fairly rich experience in attracting, exploiting, and administering foreign capital. During the past 10 years or more, the average annual growth rate of Thailand's economy has been 7-8 percent and this has enabled Thailand to develop gradually from a backward agricultural state into an agricultural and industrial state and plan to become one of the semi-industrial countries in 1986 when it has finished its fifth social and economic development plan. In addition to domestic funds, the role played by direct foreign investment has not been negligible in this development. This article intends to focus on discussing Thailand's major measures in absorbing direct foreign investment and the question of what roles the exploitation of foreign capital and foreign capital play in Thai social and economic development.

Thailand's Major Measures to Absorb Foreign Capital

Thailand has adopted the following four major measures to absorb foreign investment:

1. It has gradually established a full set of organizations to absorb and administer foreign capital and continuously readjust and add to these organizations in light of the demands resulting from its economic development. Aside from the various economic departments that administer foreign capital in the Thai Cabinet, there are several more special organizations that are in charge of absorbing and administering foreign capital, the most important of which is the Investment Promotion Committee. This committee was established in 1959.

It is the Central Investment Planning Institute directly under the prime minister's office with the prime minister as its chairman and seven cabinet members as its members. This committee is responsible for formulating the policies to administer domestic and foreign investment. The Thai Foreign Capital Coordination Committee is responsible for the distribution and administration of the foreign investment in various sectors and mainly coordinates the handling of the problems related to the development, ports, communications, and shipping on the east coast of Thailand. The Economic Department of the Thai Ministry of Foreign Affairs sent a permanent representative to this committee.

Thailand has many channels to absorb foreign capital. All its government departments, state-owned enterprises and private enterprises can freely absorb foreign capital. As yet, the Thai Government has no organ that can administer all foreign investment according to the committees that promote the investment, we can roughly divide foreign investment into two categories: the foreign capital that is invested through the Investment Promotion Committee and that enjoys certain privileges; and the foreign capital that is not invested through this committee, that does not enjoy certain privileges, and that the various departments can handle directly. Procedures for the examination and approval of the latter category of foreign investment are quite simple.

During the past few years, in order to remove the obstacles to the absorption of foreign capital, the Thai Government has positively adopted some new measures and established some new bodies. In February 1982, the Thai cabinet decided to establish a "Committee for studying the consolidation of the approval system." The committee is headed by a permanent minister of the prime minister's office with 14 officials of relevant government departments as members of the committee under him. The major task of this committee is to study the problems related to the consolidation of the system to approve investment and it has put forward two measures to reform the administration and revise the law. In August 1982, the cabinet decided to establish a "general investment service center" for the purpose of simplifying the procedures for investment applications. The investors need not apply to the various government units, but only need to apply to the investment service center. This center will provide the data and information related to the investment projects concerned, be responsible for coordinating other relevant units, and inform the investment applicants of the results of the examination of the various units within the stipulated time. At the same time, in order to attract Hong Kong capital to invest in Thailand, in October 1982, the Thai Government established a "Foreign Capital Absorption Committee" with the participation of the government departments related to industry, finance, and internal affairs; the Investment Committee and the National Bank; and other government departments. This committee is headed by the minister of industry. It is in charge of studying ways to remove the obstacles to the absorption of foreign capital, revising some laws and regulations that hinder the inflow of foreign capital, and adopting new measures to attract foreign capital. The above-mentioned organs and measures have been well received by foreign investors and achieved some positive effect.

2. It has adopted major policies to promote and absorb direct foreign investment. In order to draw in foreign investment, since 1954, the Thai Government

has formulated a series of laws on the absorption and administration of foreign capital. The major laws are the "Industrial Investment Promotion Regulations" that were promulgated in 1960, the 1977 "Investment Promotion Regulations," the 1979 "Industrial Investment Regulations," the 1983 "Announcement of the Investment Committee," and so on. The major aspects of the measures to protect and give preferential treatment to foreign capital are as follows:

A. It is stipulated that the projects of foreign investment that should be given special treatment and priority consideration are as follows: projects that can effectively strengthen Thailand's position of international payments and receipts, in particular, projects that produce goods for exports; projects that facilitate the exploitation of the resources at home; projects that can provide many job opportunities; enterprises that will locate in the hinterlands; projects that can conserve energy or can replace imported energy; projects that adopt the processes and new machinery for modern production; enterprises that produce the products that have not yet been produced or are in short supply in Thailand or that are produced in Thailand but with less modern technology; projects that are important and beneficial to Thailand's economic and social development; and projects that are economically and technologically appropriate and use sufficient measures to avoid environmental pollution.

B. The government provides the following guarantees for foreign investment projects: It will not nationalize these items; it will not be engaged in the undertakings similar to those of these projects to avoid competing with these projects; it will not impose a monopoly on products that are identical or similar to those produced by these projects; it will not control the prices of the products; it will encourage and help the exports of these products; it will not allow official organizations or state-owned enterprises to import duty-free products that are identical or similar to the products produced by the projects with aided investment; it imposes a 50 percent additional tax on the imports of the products identical to those produced by the enterprises with [word indistinct] investment; and if there is a special need, the government can ban the imports of any products that compete with those produced by the projects of aided investment.

C. Foreign investors in Thailand enjoy the following rights: Foreigners are allowed to come to Thailand to study investment possibilities, and carry out the work that facilitates investment; foreign technical personnel and experts and their spouses and children are allowed to reside and be employed in Thailand. In January 1983, new regulations were promulgated which loosen the restriction on the right of residence of foreign investors' relatives in Thailand, and stipulate that an investor who has invested not less than 10 million baht or has 25 percent of the shares in a company, can apply for residence in Thailand. An investor who has bought 8 million baht of Thai national bonds, his spouse who has purchased 6 million such bonds, or his child who has purchased 2 million baht of such bonds can apply for residence in Thailand; foreign investors are allowed to purchase some land to build their factories and residences in excess of the area of land allowed by the law; and they are allowed to change their capital and profits into foreign currencies and send them abroad. Even when the country has a deficit in its international payments and has to retain a certain amount of foreign exchange and the government restricts the practice of sending money abroad, the government will still give

approval for foreign investors to transfer foreign exchange abroad, so that not less than 20 percent of their capital and a part of their profits that is not less than 15 percent of their capital will be allowed to be transferred abroad. Moreover, foreign investors are allowed to borrow money in Thailand and thus can borrow long-, medium-, and short-term, and other various kinds of credits from the financial institutes in Thailand without any restriction.

D. Preferential treatment in taxation: 50 percent of the import and operation taxes on machines that are imported with the permission of the Investment Promotion Committee are exempted; up to 90 percent of import and operation taxes on imported raw materials can be exempted for 1 year; person income tax on legal persons is exempted for 3-5 years; the tax deducted at sources can be exempted for 5 years; income tax on profits is also exempted during the time when income tax is exempted; and tax is exempted on the income from royalties for 5 years.

E. Thailand has defined some areas as key areas for absorbing aided investment. All projects that are invested in these areas can enjoy the following special encouragement measures: In the first 5 years, 90 percent of operation tax can be exempted; when stipulated 5 years of tax exemption expire, income tax on legal persons will be exempted for another 5 years; in calculating income tax on legal persons, twice the transportation, water, and power expense are allowed to be deducted from income for 8 years; in addition to normal depreciation, at most 25 percent of the costs for the installation of supplementary equipment and for construction can be deducted from the net profit figure by installments for a period not exceeding 10 years.

F. In order to promote exports and reduce trade deficits, Thailand established special export industrial zones. Its law provides the following special preferential measures for all aided projects that boost product exports: Foreign investors are allowed to hold most of the shares of the registered capital in a project that exports at least 50 percent of its products; foreigners are allowed to hold all the shares of the registered capital in a project that exports all its products; import and operation tax is exempted for 1 year for projects that exports at least 30 percent of its products; import and operation taxes are exempted for 1 year on the raw materials used in a project that exports at least 30 percent of its products; according to the investment law, the special tax charge on the machines and tools that must be imported, can be exempted, the export and operation taxes on raw materials and byproducts that have been sent into the export promotion zones can be exempted if they are exported again; all the customs office procedures, such as the examination of the goods exported or imported, can be handled by the customs offices that have been established inside the export promotion zones; and 5 percent of the increase in export income is allowed to be deducted from taxable income.

3. It has signed investment guarantee treaties with a series of countries. In order to absorb foreign investment, Thailand has signed treaties with many countries to protect the interests of foreign investors. These treaties mainly fall into two categories: One is agreements on avoiding double taxation. The major content of these agreements is roughly the same. They all provide the methods on the collection of profit, bonus, interest, patent, real estate income, investment income, and salary income taxes and also the reduction of

income taxes and double taxation on the marine freight and personal service charges that one signatory state has collected from the other. The specific methods are: a) The income and capital taxes that have already been collected in another signatory state, are exempted. b) Tax credit is allowed, that is, the taxes of the same kind paid in one signatory state are allowed to be deducted in another signatory state. The Thai Government has already signed double taxation avoidance treaties with Sweden, Japan, Norway, Denmark, the FRG, France, Singapore, the Philippines, Holland, South Korea, Italy, Poland, Malaysia, Pakistan, and Britain. It is now holding talks with Indonesia and Canada on this matter. The other category is agreement to promote and protect investment. Thailand has already signed this kind of agreement with the United States, Canada, Belgium, and France. The major aspects of these agreements include: the provision of protection for any undertaking that the signatory state has invested in Thailand and the guarantee that this undertaking will not be nationalized; the obligation of paying compensation in case the above-mentioned undertaking suffers losses of a nonbusiness nature, such as losses caused by wars, rebellion, confiscation for nationalization, and the mediation of an arbitration committee. At the same time, income from the investment is allowed to be transferred from Thailand.

4. It gives full play to Thailand's favorable conditions for using foreign capital and overcoming unfavorable factors. The major favorable conditions for Thailand's absorption of foreign capital are: its relatively rich natural resources, in particular the sufficient supplies of petroleum and natural gas which have been discovered and exploited in the past few years; the abundant supplies of cheap labor, which results in labor accounting for 4 percent of the total cost of production agricultural products, 4.8 percent of the cost of mineral products, hardware, and porcelain; 1.9 percent of the cost of chemical products; and 4.7 percent of the cost of mechanical and electronic products produced by aided investment projects in 1980; a population of over 50 million people with a per capita national income of \$758 and a relatively high purchasing power which provides a broad market for the sales of the products from foreign investment projects; the relatively developed modern banking, telecommunications, communications, and transportation facilities which provide sufficient basic facilities for the development of industry and foreign investment. At the same time, we should also see that there are also some factors that hinder Thailand's absorption of foreign capital: for example, Thailand's economic management system and policies on the absorption of foreign capital are not very stable; some regulations of its laws, such as those of its tax system, are too complicated; the tax rate is too high, foreign businessmen's rights of permanent residence and owning land in Thailand were for a time restricted, and there is too much red tape, efficiency, is low and investment application procedures are complicated in the Thai official organizations. In the process of absorbing foreign investment, the Thai Government has paid attention to giving play continuously to Thailand's favorable conditions improving unfavorable factors, and removing obstacles and has already achieved some marked results. For example, during the past few years, the Thai Government has paid particular attention to reducing problems in the investment application process, simplifying procedures and speeding up the examination and approval of the application. In the past, if one wanted to apply for the establishment of a pharmaceutical factory, one had to approach 185 different

units and wait for approval for 15 months. But since the establishment of the investment service center, generally all these procedures of examination and approval can be completed in 90 days. For another example, the government has greatly strengthened the construction of the basic facilities necessary for investment during its first four 5-year plans; therefore, these facilities are of fairly large scale. It continues to strengthen capital construction related to highways, telecommunications, ports, and water and power supplies in order to provide better conditions for the large-scale absorption of foreign investment.

Increase, Sources, and Application of Foreign Capital

During the past 20 or more years, as Thailand adopted the previously mentioned policies and measures, it has scored fairly satisfactory achievements in absorbing foreign investment. According to incomplete statistics from the Thai Ministry of Commerce, since the implementation of the Industrial Investment Promotion Regulations in 1960, the amount of foreign capital absorbed by Thailand has increased yearly. Before 1962, foreign capital in Thailand totaled 815.5 million baht. Foreign capital invested in Thailand from 1962 to 1966 was 4,304.4 million baht. The figure for 1967 to 1971 rose to 9,391.6 million baht, an increase of over 100 percent over the preceding 5 years. The situation from 1972 to 1976 was relatively complicated and, relatively speaking, there was a great fluctuation then. In 1972 foreign capital invested in Thailand rose by nearly 100 percent over 1971, but it dropped by 13 and 5 percent in 1973 and 1975 because of the impact of the world economic crisis and the instability of the domestic situation on the absorption of foreign capital. However, generally speaking, there was an increase in foreign investment in those 5 years, which totaled 32,224.3 million baht, an increase of over 300 percent over the previous 5 years. Foreign capital absorbed in the 3 years from 1977 to 1979 totaled 48,478.1 million baht, an increase of 50 percent over the preceding 5 years. It was disclosed by the investment committee that in 1983 foreign investment in Thailand totaled 4.93 billion baht, which accounted for 41.2 percent of the 11,989 million baht total investment in Thailand for the whole year, setting a record for the previous 25 years. On the other hand, from the point of view of the registered capital, foreign capital continued to increase and was of great importance for Thailand's economic development. According to the statistics of the Investment Promotion Committee, from 1960 to the end of 1982, the number of enterprises and companies in Thailand that were issued aid certificates and that thus enjoyed corresponding rights, totaled 1,420, of which 749 were wholly owned by Thai people, 30 were entirely owned by foreign capital and 641 were joint ventures between Thai and foreign people. Investment in those enterprises and companies totaled 131,785 million baht and their registered capital were 25,559 million baht, of which Thai people held 19,264 million baht or 75.4 percent and foreigners held 6,296 million baht or 24.6 percent.

Thailand has absorbed foreign capital from a relatively wide range of countries and areas rather than from a small number of countries, but the major countries and areas that have invested in Thailand are Japan, Hong Kong, the United States, Britain, Taiwan Province and Singapore, who have contributed about 50 percent of the foreign investment. For more than 20 years, Japan has always played an active role in investing in Thailand and it ranks first among

all the foreign countries that have invested in Thailand, holding 1.727 billion baht of shares, accounting for 27.4 percent of foreign investment in Thailand. In all there are 162 enterprises that are wholly owned by Japanese capital and that are joint ventures between Japanese and Thai or other countries' capital. Japanese capital is mainly invested in electrical appliances, automobile assembly, tires, hardware, radios, synthetic fibers, chemical and textile industries. However, since 1982, there has been a weakening trend in the investment activities of Japanese enterprises in Thailand. Taiwan Province is the second largest investor in Thailand. By the end of 1982, it held 705 million baht of registered capital in aided projects in Thailand and accounted for 11.2 percent of the total foreign capital in Thailand. It has mainly invested in 105 enterprises, which were scattered in food processing, animal food, artificial leather, garment, textile, mining and metallurgical industries. The United States ranked third in investing in Thailand and had 65 enterprises, and 690 million baht of share capital, accounting for 10.9 percent of the total foreign investment in Thailand. It mainly invested in automobile assembly, tires, food, cable, chemicals, oil refineries, natural gas exploitation, mining, and metallurgical industries. Hong Kong holds 360 million baht of shares, accounting for 5.7 percent of the total foreign investment. Over the past few years, Thailand has intensified its efforts to absorb Hong Kong capital. According to the statistics of the Investment Committee, at present, Hong Kong's investment in Thailand totals 4.41 billion baht, holding shares in 48 enterprises mainly in the service trade, and chemical, vegetable oil, food canning, and synthetic fiber industries. Other countries and areas hold 3.178 billion shares, accounting for 50 percent of the total foreign investment in Thailand. Among them, Britain holds 530 million baht of shares, accounting for 8.5 percent; Singapore's capital accounts for 6 percent; Malaysian capital accounts for 2.8 percent; Philippine capital 0.4 percent; and that of other countries accounts for 23 percent. The total investment of the EEC countries as a whole accounts ranks fourth among foreign investment in Thailand, but the investment of each country is not large and rises very slowly.

The following is the layout of foreign investment in Thailand: The investment in mining, metallurgical, and porcelain industries accounts for 28.6 percent; that in the chemical industry accounts for 17.5 percent; that in agriculture accounts for 13 percent; that in machine building and electric appliance industries accounts for 11.9 percent; that in service trade accounts for 6.4 percent; and that in other sectors accounts for 22.5 percent. Over the past few years, there has been a new trend in the foreign investment in Thailand. In the past, investment activities were lively mainly in the medium-sized and small enterprises in light, textile, food, and agricultural products processing industries, but it has shifted to the large enterprises in heavy industry such as petrochemical, mining, cement, and oil refining industries. For example, in 1981, applications for 256 investment projects were submitted to the government. Among these projects, 26 projects or 10 percent were large projects with over 1 billion baht of investment. The number of investment projects did not increase much, but the total amount of investment in term respectively increased by 205, 101, and 189 percent over 1978, 1979, and 1980. From this we can see that the percentage of investment in large projects has been increasing year by year. The Thai Government is also changing the focus of its aid to investment. Before the 1970's, it mainly helped agricultural products processing

enterprises, agricultural enterprises, and the enterprises that could produce products that had competitive edge for exports and that produced products that could be used as substitutes for imported goods. Since the 1970's it has gradually switched to helping the enterprises that are relatively more technology-intensive, such as those in the machine building, chemical, electric appliance, and oil refining industries.

The Role of Foreign Capital in Promoting Thai Economic and Social Development

As foreign investment continues to increase in Thailand, it plays an increasingly greater role in Thai social and economic development. Roughly, its role involves the following three aspects:

1. It provides the funds and technology that are most needed for economic development and creates favorable conditions for maintaining a high economic growth rate. From 1952 to 1959, the annual rate of increase in investment was 9.8 percent, and from 1960 to 1975 it was 16 percent. Foreign capital has accounted for 22.4 percent of the total amount of investment. Since Thailand began to carry out its 5-year plans, the amount of investment has increased. The total amount of funds spent for development in the five 5-year plans was 1,152 billion baht, of which 331.6 billion baht or about 27 percent was foreign capital. Even now, Thailand continues to rely on foreign countries for the advanced projects that need huge amounts of funds and advanced science and technology. As foreign investment increases, foreign machinery, equipment, industrial raw materials, and advanced science and technology will continue to be drawn in. The 5-year plans formulated by Thailand give economic cooperation with other countries a key role and regard attracting foreign investors to set up factories in Thailand as one of the methods to introduce advanced technology from abroad. Most of Thailand's rising manufacturing industries, such as its textile, oil refining, automobile assembly, household electrical appliance, and building materials industries, and even its most sophisticated electronic, remote sensing, and satellite projects have been developed through absorbing foreign capital since the 1960's and 1970's. As large amounts of foreign investment and technology have been absorbed, a large number of technical and management personnel have also been absorbed from abroad. Now a total of 2,027 foreign technical workers are working in Thailand, among whom 611 people or 30 percent are Japanese; 287 people or 14 percent are Taiwanese; 65 people or 3 percent are American; and 1,064 people or 53 percent are of other nationalities.

2. It has promoted the rapid development of Thai industry. During the past 20 years or so, the Thai economy has developed quickly at an annual rate of 7-8 percent and its gross domestic product has increased 14 times. This has mainly been the consequence of the development of its industrial production. The percentage of industrial production in its economy has been growing and it rose from 10.5 percent in 1960 to 28.8 percent in 1981; while that of agriculture in its national economy dropped from 40 percent to 24.3 percent. Its industrial output value has exceeded its agricultural output value. Aside from other domestic factors, Thailand's practice of mainly exploiting foreign investment in developing industrial projects has been one of the important causes for this achievement. During the past few years, it has switched foreign capital

to some heavy industrial and relatively advanced enterprises. In order to change the irrational layout of its industry, its fifth 5-year plan is providing methods to encourage the investment in various hinterland cities and speed up the development of five major cities Chiang Mai, Khon Khen, Khorat, Songkhla-Hat Yai, and Chonburi in the East (East Coast Development Plan). During the past few years, Thailand's industry has consistently maintained a growth rate higher than that of its agriculture and thus brought along the progress of the whole economy.

3. It facilitates stabilizing its finances and improving its international payments. Thailand's economy is sensitive to the impact of international factors and has often been troubled by problems such as inflation, tight money, foreign trade deficits and huge international payment deficits. The absorption of large amounts of foreign capital facilitate alleviating the stated difficulties and improving its economy and financial situation.

Of course, a great inflow of foreign capital into Thailand has also unavoidably had some negative effect. This is mainly seen in the weakening of Thailand's own economic decisionmaking power and the control over some advanced and key projects by Japan and the United States, which to some extent restrict the development of the Thai national economy. Though the government has adopted some measures such as stipulating that foreign investors are not allowed to hold more than 49 percent of the shares in a joint venture enterprise, it has failed to eliminate the defects caused by foreign capital.

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PUBLICATIONS

BRIEFS

NONFERROUS METAL WEEKLY--Beijing, 7 May (XINHUA)--[ZHONGGUO YOUSE JINSHU BAO] [0022 0948 2589 5331 6855 1466 1032, CHINA NONFERROUS METAL NEWS] has been published on a trial basis in the capital, and will be officially published on 1 July this year. Comrade Chen Yun wrote the banner for the newspaper. Inscriptions by Comrades Fang Yi and Lu Dong were published in the first two trial issues. The newspaper will publicize the principles and policies of the CPC Central Committee and the State Council on exploiting nonferrous metals, and introduce, and exchange, experience of advanced factories, mines, and other enterprises. It will be published once a week. [Summary] [Beijing XINHUA Domestic Service in Chinese 0832 GMT 7 May 85 OW]

CSO: 4006/613

TAIWAN

MINISTRY FAVORS FREE TRADE ZONE PACT WITH U.S.

OW070345 Taipei CNA in English 0258 GMT 7 May 85

[Text] Taipei, 6 May (CNA)--Economics Minister Lee Ta-hai said Monday his ministry favors a free trade zone agreement with the United States, but in reaching such a complicated agreement, caution is the word. He told reporters that a free trade zone agreement is a long-term device for narrowing the trade gap between the two nations and it cannot become effective within a short period of time. Currently only Israel has signed a free trade zone agreement with the U.S.

Lee said his ministry is weighing the favorable and unfavorable effects of such an agreement. "Though this would be a complex matter, the Economics Ministry will try its best to reach such an agreement," he added.

According to Vice Economics Minister Li Mo, Director General Vincent Siew of the Board of Foreign Trade has had initial contact with the U.S. authorities on related matters. But there is a long way to go before an agreement is reached, he stressed.

In a meeting of the ministry's department chiefs, Minister Lee said balancing the ROC-U.S. trade is a long-range task calling for coordinated efforts among various government agencies. What the Economics Ministry can do is to urge the U.S. side to beef up promotion efforts in this country while at the same time urging the people here to change their habits by consuming more American goods, Lee noted.

Lee made the remarks after hearing a report from Pan Chia-sheng, acting director general of the Board of Foreign Trade, in Monday's meeting. Pan pointed out that short-range efforts being made by the government to reduce this nation's trade surplus with the U.S. include sending out two buy-American missions this year, buying U.S. equipment for major development projects here, and staging big-scale American goods exhibitions here.

In its long-term efforts, Pan continued, the government will accelerate the pace of liberalizing its foreign trade, study the feasibility of signing a free trade zone accord with the U.S., seek U.S. sales of high-tech equipment as well as petroleum, and encourage domestic exporters to seek overseas markets outside of the U.S.

CSO: 4020/213

TAIWAN

IMPACT OF FREE TRADE ZONE PACT WITH U.S. NOTED

OW021447 Taipei CNA in English 1340 GMT 2 May 85

[Text] Taipei, 2 May (CNA)--The Republic of China would suffer annual losses of NT dollars 15 billion (some U.S. \$375 million) in customs revenues if this nation signs a free trade zone agreement with the United States and writes off tariff and duties imposed on all imported American-made goods, officials with the Ministry of Finance said Wednesday.

According to the officials, customs revenues collected from imported American goods accounted for some 22 percent of aggregate tariffs and duties revenues of NT dollars 66 billion in 1984.

Foreign wire service reports quoted U.S. officials as saying that a free trade zone pact is expected to be signed between the United States and the Republic of China if the latter agrees to write off tariffs and duties imposed on all American goods.

The ROC government has studying the feasibility of signing the agreement with the United States in order to ease the ever-increasing trade imbalance between the two countries, which has been in favor of this nation for years, the financial officials said.

They noted that as of now, no developing countries except Israel has ever approached the United States expressing willingness to sign the free trade zone agreement. Israel is scheduled to sign such a pact with the United States in September.

CSO: 4020/213

TAIWAN

ECONOMICS MINISTER ON NUCLEAR PLANT POSTPONEMENT

OW041027 Taipei CNA in English 0958 GMT 4 May 85

[Text] Taipei, 4 May (CNA)--Economics Minister T. H. Lee said Friday the Executive Yuan has set no time limit to the postponement of the fourth nuclear power plant project.

Taiwan Power Company will step up preparations for building a large thermal power plant in Taiwan so as to fill the power shortage gap occasioned by the delay of the nuclear power plant project, Lee added.

The economics minister made the remarks after Premier Yu Kuo-hwa ordered a temporary halt to the project due to adverse public reaction.

Lee said the Ministry of Economic Affairs will boost a publicity drive to remove public misgivings about development of nuclear power. The stress will be placed on the safety and economic value aspects, he added.

Vice Economics Minister Li Mo suggested that it would be more effective if the publicity work is handled by a professional agency instead of Taiwan Power Company.

Meanwhile, Legislator Lin Yu-hsian, a key opponent of the nuclear power plant project, Friday demanded that the cabinet revise the Taipower budget estimate because construction of the power plant will not start in fiscal 1986 as originally scheduled. The budget estimate includes NT dollar 1,828,900,000 (U.S. \$45.7 million) earmarked for the nuclear power plant.

The Legislative Yuan will screen the budget estimate next month.

CSO: 4020/213

TAIWAN

YU ORDERS CONSTRUCTION OF 4TH N-PLANT SUSPENDED

OW021836 Taipei CNA in English 1446 GMT 2 May 85

[Text] Taipei, 2 May (CNA)--Premier Yu Kuo-hwa has instructed the Ministry of Economic Affairs [MOEA] and the Taiwan Power Company to temporarily suspend the construction of the fourth nuclear power plant.

In a cabinet meeting Thursday, Yu suggested that MOEA and Taipower should make more efforts to communicate with the people before building the plant.

Yu made the directive after a great number of the people here had voiced their objection to building another nuclear plant at Preseno. However, Yu also pointed that it is still very necessary for this nation to diversify its energy resources because over 85 percent of the nation's energies are imported from other countries.

Although this nation has three nuclear power plants, there will be a power shortage by the year 1989 if the nation's economy continues to grow at the current pace, Yu said. This is why the executive Yuan passed the plan to construct the 4th nuclear power plant as early as in 1980, he added.

After listening to an MOEA official's report on the public reactions to the fourth nuclear power plant, Yu indicated that since the first world energy crisis, many countries have taken measures, such as building nuclear plants and exploiting coal mines, to diversify their energy resources.

In addition to the Republic of China, over 30 countries in the world have nuclear plants Yu said, adding that many nuclear plants are being built in many countries that have abundant energy resources because they are safer and cleaner. Even South Korea, whose economic condition is similar to that of this nation, is building another five sets of nuclear power generators in addition to the four which are now in operation, Yu said.

CSO: 4020/213

TAIWAN

FRG TEXTILE INDUSTRY SUCCESSFULLY TEST MARKET

OW060549 Taipei CNA in English 0252 GMT 6 May 85

[Text] Taipei, 5 May, (CNA)--The West German textile industry successfully tested the market in the Republic of China [ROC] by holding their first exhibition in Taipei 2-4 May.

It was the first time the federation of German Textile Manufacturers' associations--Gesamttextil--have sent an official delegation to Taiwan for the occasion. Seven leading German textile companies presented their fashion yarns and fabrics for the garment industry here.

Mr Ernst-Gunter Plutte, president of the federation and head of the delegation, said Saturday while meeting the press here that the aim of their trip to Taiwan was particularly to study the chance for exports of high quality fashion yarns and fabrics to the garment industry here.

"Taiwan produces more and more up-market garments, especially for export to industrialized countries," he noted.

They visited South Korea, Hong Kong and Macao before coming to this country. The trip showed their interest, Plutte said, in having East Asian countries as future markets for those German products because the European market is shrinking.

The exhibition was the first successful test the Germans have made to expand their role in the Taiwan market. W. Klein, a representative for one of the participating German companies, said they had made contacts with many counterparts here and tried to find some agents. The 5,000 visitors to the exhibition, he said, are a great potential here.

Plutte emphasized that West Germany will offer "specialities," which have not been produced here, to strengthen the competitiveness of Chinese textiles. He favored to produce "specialities" if there is the possibility of setting up joint ventures with Chinese companies here because such products require a relatively high degree of technology and they are competitive.

He did not agree that the textile industry is labor-intensive. Even in Japan, the industry there is still in need of more advanced knowhow. And the ROC should also import more technology to upgrade its textiles, he opined.

During the past several days, his delegates had many fruitful meetings with the Chinese Government officials and officials with the Taiwan Textile Federation. Now that the exhibition is over, they are visiting textile and garment factories in Taipei and Taichung.

He said he asked the Chinese Government to further remove trade barriers to benefit German exports of textiles. In 1984, Germany imported from the ROC about 80 million DM worth of textiles and 730 million DM in garments, but their exports to the ROC reached only 16 million DM and 4 million DM respectively, he said.

He said his federation is planning to hold larger exhibitions in Taiwan next time. They will do their best to set a foothold in Taiwan as a step to expanding into the Southeast Asian market.

The success of the show nicely complemented the ROC government's initiative to liberalize trade and industry.

The German textile exhibition is bringing to the industry in this country a lively example of how advanced industry in West Germany is complying with the challenge from abroad, Vice Economics Minister C. S. Wang said in a speech at the opening ceremony.

As the ROC textile and apparel industries are export-oriented, West Germany's high quality materials will help improve the quality of products here so that they may regain their competitiveness.

To overcome the adversities the industry is confronting, he urged them to accelerate the pace of "self-adjustment" in order to face the rapidly changing world market.

The show also met the ROC government's open trade policy. Japan has been a dominant supplier of high-quality fabrics to the apparel industry here. However, the ROC government has been encouraging garment makers here to diversify their import sources to avoid over-dependence and also to reduce the trade gap with Japan.

"This exhibition exactly serves the purpose to provide our garment makers alternatives," M. T. Chang, chairman of the Taiwan Textile Federation which co-sponsored the event, pointed out. He said he is confident that through extensive research on the market here and continuous promotion, German textile products will prevail here soon.

West Germany is the ROC's largest trading partner in the European Economic Community. Their two-way trades amounted to U.S. \$1.6 billion last year. The ROC's imports from Germany increased by 11 percent from U.S. \$690 million in 1983 to U.S. \$768 million last year, while exports to that country were up by

only 2 percent, from U.S. \$850 million in 1983 to U.S. \$ 868 million last year.

The ROC's open-market policy has already had a concrete result since the government took positive actions by reducing import tariffs and by exempting many foreign imports from import license requirements.

CSO: 4020/213

TAIWAN

PROFESSIONALS INVESTIGATE FUTURES IN TAIWAN

HK050535 Hong Kong HONG KONG STANDARD in English 5 May 85 p 2

[From HONG KONG STANDARD "Special Report" by Tim Hamlett, Ivan Lo, Annie Lam and Tsang Shuk-wa: "Unit Wooing Money and Talents"]

[Text] One major reason for the Taiwan Government to set up a machinery to monitor Hong Kong affairs is to attract some financial and human resources to Taiwan while the colony is afflicted by fears about the future.

Some local professional bodies have asked the Taiwan authorities about the official recognition of their professional qualifications, according to Mr Oliver Luk, the manager of Hua Kwang Travel Service, which deals with Taiwan's Overseas Chinese Affairs Commission.

He said inquiries were made by the Hong Kong Medical Association, Society of Traditional Chinese Doctors and some construction professionals.

Not many inquiries were received from the legal professional, he said.

But Dr Chiu Hin-kwong, of the Hong Kong Medical Association denied that the association had ever contacted the travel agent to make inquiries about professional qualifications.

Mr Ng Ying-kam, president of the Society of Traditional Chinese Doctors, said his society had not raised the subject either.

He said Taiwan had for 20 years operated an examination to validate the qualifications of Overseas Chinese traditional doctors, and they could work in Taiwan after passing an interview afterwards.

He said a number of local colleagues had moved their base to Taiwan after going through the validation process but he could not give an exact figure.

Luk said anyone who could produce documents to validate their present professional qualifications to the Ministry of Personnel of the Examination Yuan was eligible for an examination by which a locally recognized status would be granted.

This was the answer the manager of the travel agency got from the Taiwan authorities after referring the questions to it.

The travel agency, set up late last November, is a channel between Hong Kong people and the Taiwan Government through which questions about Taiwan policies are answered.

It has been labelled as a representative agent of the Overseas Chinese Affairs Commission, but Mr Luk would only say that the agency was authorized to process migration applications on behalf of the commission and to distribute information on education.

However, Luk admitted that the head of the commission had implied before its inauguration that the agency was expected to help the work of the Hong Kong Unit in Taiwan.

By March it had received 60 inquiries about investment subjects, 252 about education, 252 about migration and 69 about real estate investment since its inauguration.

Most of the agency's staff are graduates of Taiwan universities.

Meanwhile, data collected by Chu Hai college shows that the number of Hong Kong students crossing the ocean to the other Chinese community has remained steady over the last 5 years.

The number of applicants remained at about 2,500 and the admission percentage was some 58 percent.

A Taipei expert on Hong Kong affairs said the national Chinese Government had not done enough propaganda work here.

Mr Deng Sin-muo told a seminar on problems of mainland China organized by Taipei's International Relations Research Centre that the inadequacy was illustrated by the example of Hong Kong's district board election in March.

He said the local leftwing newspapers had devoted five pages to printing information and pictures of the district board contestants on election day, but the rightwing HONG KONG TIMES had only allotted three pages to the issue, without printing the contestants' pictures.

He said the right-wingers would not get the support of local people if they showed continued apathy.

Mr Jimmy Hsieh of FREE CHINA REVIEW, a representative agent of the Government Information Service of the Executive Yuan, agreed that official campaigns were insufficient here but blamed this on limitations of environment and policy.

He said local rightists were at a disadvantage compared to the leftwingers in both promotional ability and proximity to outside support.

CSO: 4020/213

HONG KONG ECONOMIC TRENDS

PRC ACQUIRES MORE HONG KONG BUSINESS INTERESTS

OW040842 Beijing XINHUA in English 0811 GMT 4 May 85

[Text] Hong Kong, 4 May (XINHUA)--Chinese interests have become increasingly involved in Hong Kong business, says a Hong Kong Trade Development Council report just released.

These include banking, insurance, shipping, retailing, property and manufacturing.

The Beijing-based Bank of China's Hong Kong turnover, according to bank sources, more than tripled in the 5 years to 1984.

The bank is building a new, 72-story Hong Kong headquarters costing 2 billion Hong Kong dollars (U.S. \$260 million).

The report goes on to say that the China Resources Co, the mainland's chief trading corporation in Hong Kong, has opened a new 30-million-Hong Kong-dollar (U.S. \$3.8 million) store to expend its large-scale investment plan in Hong Kong retail.

The company is investing over 20 million Hong Kong dollars (U.S. \$2.6 million) in setting up a chain of 10 supermarkets in addition to its existing department stores specializing in Chinese products.

Chinese interests have also recently acquired 95 percent of the China Cement Company, formerly a U.S.-Kong Kong-China joint venture.

The China Development Finance Co (HK) Ltd, a company in the bank of China group, advanced a 2-year loan of 300 million Hong Kong dollars (U.S. \$38.5 million) to the local mass transit railway corporation.

Hong Kong is stepping up efforts to accommodate more trade with the mainland, the council says.

Work has begun on a project worth 655 million Hong Kong dollars (U.S. \$84 million) to double the capacity of Hong Kong's major container port at Kwai Chung, and the city's air cargo terminal has recently been expanded.

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